PROVINCE OF ALBERTA

REPORT

of the

ROYAL COMMISSION

on the

METROPOLITAN DEVELOPMENT

of

CALGARY and EDMONTON

This Report is subject to editorial revision and checking before printing.

Edmonton, Canada. January, 1956.

EDMONTON, ALBERTA
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1956

" When I pay taxes,

I buy civilization "

(Justice Oliver Wendell Holmes)

Hon. E.C. Manning,

President of the Executive Council,

Province of Alberta.

Letter of Transmission

Sir:

The Royal Commission on Metropolitan Development of Calgary and Edmonton has the honour to submit herewith its findings and recommendations for transmission to His Honour the Lieutenant-Governor in Council.

G. Fred McNally ....Chairman

W.M. Blackstock ....Commissioner

A.G. Davies ....Commissioner

Ivan C. Robison ....Commissioner

C.P. Hayes ....Commissioner

Edmonton

31st January, 1956.

C O M M I S S I O N

John J. Bowlen

SEAL

(sgd) - - - - - - - - - - - -
LIEUTENANT GOVERNOR

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Faith.

To ALL To Whom these Presents shall come or whom the same may anywise concern, GREETING:

C A N A D A)
)
PROVINCE OF ALBERTA)

WHEREAS under the provisions of The Public Inquiries Act, being Chapter 139 of the Revised Statutes of Alberta, 1942, the Lieutenant Governor in Council may whenever he deems it expedient and in the public interest, cause inquiry to be made into and concerning any matter within the jurisdiction of the Legislative Assembly, either connected with the good government of the Province of Alberta or the conduct of the public business thereof, or which he shall by his commission declare to be a matter of public concern, appoint a Commission to make such inquiry and to report thereon; and

WHEREAS it is deemed expedient and in the public interest that an inquiry be made into the administration and financing of school and municipal services in the City of Edmonton and surrounding areas, and the City of Calgary and surrounding areas, under the provisions of The Public Inquiries Act, being chapter 139 of the Revised Statutes of Alberta, 1942;

NOW KNOW YE that by and with the advice of Our Lieutenant Governor in Council, We do by these Presents nominate, constitute and appoint, pursuant to the provisions of The Public Inquiries Act, being Chapter 139 of the Revised Statutes of Alberta, 1942, DR. GEORGE FREDERICK McNALLY (CHAIRMAN), GILBERT McNEILL BLACKSTOCK, Q.C., PERCY G. DAVIES, Q.C., IVAN C. ROBISON, and CHARLES PATRICK HAYES as Commissioners to conduct the said inquiry into the administration and financing of school and municipal services in the City of Edmonton and surrounding areas, and the City of Calgary and surrounding areas, and

(1) To recommend the boundaries and the form of local government which will most adequately and equitably provide for the orderly development of school and municipal services;

(2) To recommend any practical measures which may be taken in the interests of the ratepayers and citizens generally with respect to the administration and financing of school and municipal matters and the form of government recommended for the areas under review;

(3) To hear representations from any and all interested bodies and to give consideration to any other factors relevant to the establishment of the boundaries, the form of local government, equitable distribution of costs and the orderly development of the areas;

and to report thereon to the Lieutenant Governor in Council and to make such recommendations to the Lieutenant Governor in Council as the said Commissioners may in their discretion consider proper;

AND WE DO DECLARE the matters referred to Our said Commissioners to be matters of public concern.

AND WE DO CONFER under the authority of the Act aforesaid upon Our said Commissioners, the power of summoning witnesses before them and requiring such witnesses to give evidence on oath, orally, in writing or on solemn affirmation (if they are persons entitled to affirm in civil matters) and to produce such documents and things as Our said Commissioners may deem requisite to the full investigation of the matters into which they are appointed to inquire, and further conferring upon Our said Commissioners the same power to enforce the attendance of witnesses and to compel them to give evidence as is vested in any court of record in civil cases.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent, and the Great Seal of Our Province of Alberta to be hereunto affixed.

WITNESS: His Honour the Honourable JOHN JAMES BOWLEN, Lieutenant Governor of Our said Province, in Our City of Edmonton, this Nineteenth day of July, in the year of Our Lord, One Thousand Nine Hundred and Fifty-Four, and in the Third year of Our Reign.

BY COMMAND:

C.E. Gerhart

(sgd) - - - - - - - - - - - -
PROVINCIAL SECRETARY

FOREWORD

The initial meeting of the Commission was held in the Legislative Building on Tuesday, August 31st, 1954. At a subsequent meeting the Chairman announced that on the recommendation of the Commission Dr. H.B. Mayo, Professor of Political Science at the University of Alberta had been appointed Economic Consultant and Mr. Wm. McGruther, formerly of the Department of Municipal Affairs, Secretary. At this meeting too, it was decided to advertise widely in the press of the two cities the dates and places of the initial public hearings.

During the course of its work the Commission held 33 formal meetings covering 112 days and a number of ad hoc meetings to deal with incidental matters. Public hearings were held at the Court House in Calgary occupying 21 days and similarly in the Court House in Edmonton for a total period of 47 days. Lively public interest was manifest throughout. Transcripts of these hearings numbered, in Calgary 21 volumes (2,827 pages) and in Edmonton 47 volumes (5,975 pages). Exhibits were recorded separately, but not all were included in the transcripts.

At the Calgary hearings thirty-two witnesses appeared before the Commission, while in Edmonton the number reached fifty-seven. Briefs and exhibits received in evidence numbered 326 - Calgary 94, and Edmonton 232.

The Commission, except for a brief period, has not employed counsel or research staff. As a consequence members studied the daily transcript and asked many questions at the public hearings. They have also read widely on municipal and metropolitan experience in Britain and the United States as well as in the other Provinces of Canada. Thus the Commission has not been confined to material given in evidence. It has sought relevant information from every source where it could be found, quite apart from the public hearings. The Commission and its Consultant have sifted all this material and have made use of it wherever necessary in the drafting of this Report.

The Commission decided at the outset that the hearings would be carried on in an atmosphere sufficiently informal to bring out all the facts, yet with the seriousness and dignity consonant with the importance of the inquiry. Parties appearing before it have provided their own maps, charts, statistics and other material calculated to explain and support

the case being presented. They exchanged materials generously and cross-examined one another freely - the transcript has been available to all.

The Mayors and Commissioners of the cities of Calgary and Edmonton, the entire Council of the Municipal District of Strathcona, Planning officials both City and District, responsible officers of all communities concerned, as well as many private individuals and officials of the Provincial Government were at pains to furnish the Commission with full and complete information on any matter which the Commission requested. The Commission desires to express its appreciation of this service and to tender its thanks to all who assisted it in any way.

Thanks is due to Professor H.B. Mayo, its Economic Consultant. His intimate knowledge of the Alberta situation, his special interest in the field of local government and his capacity for hard work made his services particularly valuable. He has been tireless in his search for a just and equitable interpretation of the evidence. On him too, fell the responsibility for the initial drafts of a substantial portion of the Report. Individual members of the Commission prepared initial drafts of several chapters of the Report. All drafts were subject to a severely critical analysis and consequent amendment by the Commission sitting as it were, in committee of the whole.

No better choice of Secretary could have been made than that of Mr. William McGruther. His long experience in the Government service, his capacity for detail, his forethought in making all arrangements for public hearings and suitable accommodation for the sittings of the Commission, his success in securing competent clerical assistance and his unfailing good humor leave us all in his debt.

We should also like to thank Mr. G.G. Rourke for his painstaking work on much of the statistical material contained in the Report, and to Mrs. J.M. McKenzie for her efficient stenographic assistance.

CONTENTS OF REPORT

CHAPTER 1. METROPOLITAN AREAS AND THEIR PROBLEMS

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Defining the area.

The Order-in-Council which sets forth the terms of reference of the Royal Commission does not define precisely the areas which are to be studied. (See Introduction). Mention is made of "the City of Edmonton and surrounding areas, and the City of Calgary and surrounding areas". The cities have precise boundaries, defined by law, but the term "surrounding areas" may be construed narrowly or broadly, and for that reason a word of explanation will be in order.

A useful phrase which is coming into common usage nowadays is that of "metropolitan area". Such an area is easier to recognize and to describe in general terms, then to define exactly. It contains a large number of people, is mainly urban in character, with considerable economic and social interdependence of the parts making up the area; it may be, and usually is, fragmented so far as government is concerned, and is commonly composed of a central city in close contiguity with other units of municipal government. These other units of government may be cities, towns, villages, or rural municipalities.

City, metropolitan area, and region.

Although "greater" cities have been listed in the Census since 1931, the classification of "metropolitan area" was unknown to the Census of Canada before 1951; but fifteen such areas were then recognized in the country, among which Edmonton ranked eighth in population, and Calgary tenth. They are described as "groups of urban communities which are in close economic, geographic and social relationship". For our purposes and unless otherwise specified, we shall take metropolitan area to mean the central city, together with the built-up "fringe communities", whether separately incorporated or not, and including also the rural or small-holding territory within a few miles of the built-up fringes: the whole forming, in many ways, a closely-knit community.

The region - or in local Alberta usage, the district - is a term that covers a much wider area, which may include cities, towns, villages and rural municipalities within a radius of as much as 50 miles or so from the metropolis. Nevertheless there are many ties, generally economic and social, which bind the region together and mark it off from other regions. And in Alberta there are ties of another kind, since in a number of these districts

there have been set up district planning bodies for purposes of joint planning.

It is plain that "Edmonton and Calgary and surrounding areas", must include much more than the two cities. Besides the city, there is also the metropolitan area made up of the city and its immediate environs; and for certain purposes this Commission will consider also the larger region of which the metropolitan area is only the nucleus. The approach throughout has been in terms of the welfare of each area as a whole, rather than in terms of the interests of each part.

It will be helpful to mention some of the city, metropolitan and regional problems at the outset, in order that they may not be lost sight of throughout the chapters of detail which follow.

Rapid population growth.

The outstanding feature of the metropolitan areas of Edmonton and Calgary is the extraordinary population increase which they have witnessed over recent years. They have in sober fact grown more rapidly than any other metropolitan areas in Canada as the Census figures show. This rapid rate of growth must be regarded as the proximate cause of many of the city and metropolitan problems. Such an increase is, in itself, something of an achievement, and is a reflection of the expanding economy of the province, but it does put a great strain upon the municipal governments.

Problems of city debt.

The consequences of the rapid growth may be seen in the tremendous increase in city debt as the cities have been obliged to undertake the capital expenditures needed to provide the utilities, schools, and other services. There is, moreover, every prospect that the debt will continue to rise, on a per capita as well as on an absolute basis; a prospect that few can contemplate with equanimity.

Of revenues.

As with the debt, so too the operating expenditures of the cities have risen sharply, and the cities have consequently been faced with serious revenue problems. Large amounts of provincial aid, for both capital and operating expenditures, have been received by the cities, but is such assistance to continue on an ever increasing scale? Can the present revenue sources of the cities, and in particular the property taxes, continue to carry their present share of local expenditures, if to them is added the burden of probable future

increases? Here, then, are a number of acute financial problems - of expenditures and revenues, of debt, of provincial grants, of assessment and taxation - to all of which the Commission has found itself compelled to give prolonged consideration.

Of fringe communities.

Not all of the population increase has been accommodated within the cities. Much of the overspill has been housed in the fringe communities outside the city boundaries. These communities, mostof them now incorporated towns, have grown at an even faster rate than the cities themselves. In general, the incomes of their residents are less than city incomes, the standards of housing are lower, they lack most of the civic utilities and services associated with urban living, and in extreme cases - because of inadequate sanitation - they constitute hazards to the health of the entire urban population. Being almost entirely dormitories, of lower cost housing, the fringes are more hard-pressed financially than the cities, and consequently their reliance upon provincial assistance is greater, for both municipal and school facilities. What are the prospects of these fringe communities for the future? What can or should be done about them, and how may a recurrence of fringes be prevented? Few questions have concerned the Commission more.

Of inequalities.

As we have said, each metropolitan area is in many respects one community. But within the community there are grave and glaring inequalities - of revenue resources, of the weight of taxation, of expenditures per capita, of the provision of many civic services. These, in themselves, pose serious problems. Is it equitable or just, that the burden of metropolitan - and indeed of provincial - expansion should fall so unevenly upon the different municipalities making up the metropolitan areas? And, if not, what measures of redress are both fair and feasible?

Of government.

Although each metropolitan area is knit together by bonds of various kinds, it is divided in its administration and government. Yet many services require a common administration, and duplication is often costly and less efficient. Is it possible for a multiplicity of governing bodies to achieve the degree of inter-municipal co-operation which is necessary to deal at all adequately with expanding metropolitan areas? Hence arises the question of boundaries and the best form of government for these areas, a question so

pressing and so widespread that it has come to be called <u>the</u> metropolitan problem.

<u>Of joint planning.</u>

It is a common-place that what happens within one part of a metropolitan area, or even of the wider region, may have profound effects upon another part. For that reason, if for no other, joint action is required, and this in turn requires joint planning beforehand if the area is to be developed in an orderly manner. Orderly development - that is, planned development - is one of the specific subjects which the Commission has been directed to investigate. The planning aspect of development was treated at great length before the Commission, and several difficult questions were raised. How can a common plan for the whole area be made effective? How should the plans of the different municipal jurisdictions be co-ordinated? Should development and subdivision be encouraged in one geographical direction rather than another? What executive authority, if any should be put in the hands of a district planning organization?

<u>Of industrial development.</u>

Other far-reaching problems arise with regard to the present and future industrialization of metropolitan areas and of the province as a whole. So important is this question that a separate investigation and report would be required to deal with it at all adequately. Meantime, in this report, the Commission has turned its attention to some aspects of the subject. The promotion of industry within the areas concerned, its location within the metropolitan areas, and the assessment and taxation of industry are all intricate questions on which some findings have been made.

<u>Summary.</u>

Enough has perhaps been said in this brief survey to indicate the nature of the chief problems which the Commission has examined. A few of the problems are purely local, and found in only one of the two areas; many more are common to both the metropolitan areas of Edmonton and Calgary; some are common to all cities of the province, and for that matter are found also throughout the entire country. In hardly any case, however, have the problems a simple cause, nor are they susceptible of easy solution. There are no simple or definitive solutions for the complex problems of a changing and expanding economy. The most we can hope for is that any solutions which may be adopted will serve for some years without needing drastic revision, and yet will be flexible

enough to be adaptable to whatever changes of circumstances the future may bring.

We should not forget that perplexing as some of the problems may appear to be, they have their cheerful side. They are not caused by depression or a contracting economy, like the problems of the "hungry thirties", but arise from expansion, and the prosperity of our people. Canada is a forward-looking nation, and Alberta a young and forward-looking province. Since we have faith in our future, we must also believe that we can overcome the municipal difficulties caused largely by our very prosperity.

CHAPTER 2. POPULATION GROWTH IN THE TWO CITIES AND METROPOLITAN AREAS

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Outline of Chapter Contents

1. The growing population of Alberta.
2. The rural-urban trend.
3. The two metropolitan areas.
4. The two cities of Calgary and Edmonton.
5. The Calgary area.
6. The Edmonton area.
7. Prospects for the future.

CHAPTER 2. POPULATION GROWTH IN THE TWO CITIES AND METROPOLITAN AREAS.

1. The growing population of Alberta.

The population data for the Edmonton and Calgary areas will be better appreciated if they are related to trends within the province of Alberta and in some cases within Canada as a whole.

The first elementary point is that the population of Canada as a whole is growing rapidly. In recent years the rate of growth has been about 2½% per annum, which is higher than in the United States, and one of the fastest rates in the world. The immediate reasons for the high rate are simple: the high post-war marriage and birth rates, the low death rate, substantial immigration, and the falling off of the flow of emigrants to the United States.

The rapid growth characteristic of Canada in general is also true of Alberta. A closer look at the Alberta scene however, reveals that the population of the province has not increased steadily through time, but by a series of fits and starts. The first great population boom occurred in the years shortly before 1914, when a wave of immigrants swept into the province, many of them from eastern Europe. Thereafter the growth was slow, and there was some net emigration (that is, more people left the province than came in from outside) during the hard times of the 1930's. But because of the natural increase, (that is, excess of births over deaths), the provincial population increased somewhat even in those depression years of unhappy memory.

Not until the end of the recent world war did the province again experience a notable population boom, caused by the combination of a higher birth rate and a substantial flow of immigrants partly from abroad but much more from other provinces of Canada. For all of Canada a national census is taken every ten years, but for the western provinces there is also a federal census every five years. The quinquennial census year of 1946 may be considered the landmark in recent population growth. Before that year the growth in Alberta was at a much slower rate than in the country as a whole, and very much lower indeed than the rate in British Columbia. But after 1946 the picture changed in a most striking fashion, and Alberta growth, at more than 3% per annum, was faster than for the whole country and for British Columbia. In short, the recent remarkable population growth of the

province is a phenomenon of the years since 1946. If a longer period is considered, say, back to 1941 or to 1931, then the Alberta rate of growth is somewhat less than the Canadian average, and very much less than in the rapidly growing province of British Columbia.

These facts are stated for two reasons: One is to provide a useful corrective to the exaggerated notions of Alberta growth which have, we fear, become all too common; the other is to emphasize that since the rapid Alberta growth has been concentrated into such a few years, from 1946 onwards, this in itself has made more acute, the problems that would have been more easily managed had growth been steadier and spread over a longer period.

The following table gives the population growth in Alberta, and the percentage increases, and compares the Alberta growth with that for the province of British Columbia, and for all of Canada.

TABLE 1

GROSS POPULATION GROWTH IN ALBERTA,

BRITISH COLUMBIA, AND ALL OF CANADA

1931 - 1955.

YEAR	ALBERTA POPULATION	% INCREASE	B.C. POPULATION	% INCREASE	CANADA POPULATION	% INCREASE
1931	731,605	----	694,263		10,376,786	
1941	796,169	8.8	817,861	17.8	11,506,655	10.9
1946	803,330	.9	1,103,000	34.9	12,292,000	6.8
1951	939,501	17.0	1,165,210	5.6	14,009,429	14.0
1954	1,039,000	10.6	1,266,000	8.7	15,195,000	8.5
1955	1,066,000	2.6	1,305,000	3.1	15,573,000	2.5

PERCENTAGE INCREASE

	1946-55	1941-55	1931-55
Alberta	32.7	33.9	45.7
British Columbia	18.3	59.6	88.0
Canada	26.7	35.3	50.1

SOURCE: Compiled from Census of Canada and D.B.S. inter-censal estimates.

2. The rural-urban trend.

The second outstanding fact about population growth is the trend from rural to urban areas. Canadians are becoming a more urbanized people with all that urban living involves, whether of good or ill. And again, what is true of Canada is also true of Alberta, as Table 2 shows. In absolute figures and

as a proportion of the total, the rural population of Alberta is declining, a trend that is especially noticeable since 1941.

Virtually 60% of the population of the province now lives in urban areas, and there is no sign that this trend to urban living will be reversed in the near future. On the contrary, with increasing industrialization we may reasonably expect the trend to become more strongly marked. It has been going on in Canada for a hundred years.

If the farming population alone were taken into account, the relative rural decline noted would be much more pronounced, since the rural figures are inflated by inclusion of the category known to the census as "rural non-farm", a large portion of which consists of urban-employed workers with homes in rural districts adjacent to urban municipalities. (On the other hand, offsetting this to some extent is the fact that some farm families live in villages and towns, a custom that is spreading in western Canada with the mechanization of farming and the increase of the scale of farm operations).

TABLE 2

RURAL-URBAN POPULATION

ALBERTA AND CANADA, 1921-1955.

ALBERTA

YEAR	TOTAL POPULATION	RURAL	% OF TOTAL	URBAN	% OF TOTAL
1921	588,454	365,550	62.1	222,904	37.9
1931	731,605	453,097	61.9	278,508	38.1
1941	796,169	489,583	61.5	306,586	38.5
1946	803,330	448,934	55.9	354,396	44.1
1951	939,501	451,313	48.0	488,188	52.0
1955	1,066,000	433,000	40.6	633,000	59.4

CANADA

YEAR	TOTAL POPULATION	RURAL	% OF TOTAL	URBAN	% OF TOTAL
1921	8,787,949	4,435,827	50.5	4,352,122	49.5
1931	10,376,786	4,804,728	46.3	5,572,058	53.7
1941	11,506,655	5,254,239	45.7	6,252,416	54.3
1946	12,292,000	____	____	____	____
1951	14,009,429	6,068,207	43.3	7,941,222	56.7
1955	15,573,000	____	____	____	____

SOURCE: Compiled from Census of Canada and, for 1955, from departmental estimates. The meaning of "urban" is that of the 1941 Census definition: all persons living in incorporated cities, towns, and villages, no matter what their size.

3. The two Metropolitan Areas.

With increasing urbanization many towns, as well as cities, have undergone a spectacular rate of growth. Many small Alberta communities, after standing still for years, have doubled in size since the oil boom. But perhaps the most outstanding feature of the urban trend has been the clustering of population in and around the larger cities in each province. So far has this gone that the Dominion Census has set up the special category of Census Metropolitan Areas to cover these closely-knit agglomerations of people. These Census Metropolitan Areas include the built-up fringes outside the cities, whether incorporated or not.

The following Table 3 gives the population figures for the 15 Census Metropolitan Areas of Canada.

TABLE 3

POPULATION

CENSUS METROPOLITAN AREAS, CANADA 1941-1951.

METROPOLITAN AREA	1941	1951	% INCREASE	ORDER OF INCREASE
EDMONTON	97,842	173,075	76.9	1
CALGARY	93,021	139,105	49.5	2
VANCOUVER	377,447	530,728	40.6	3
VICTORIA	75,560	104,303	38.0	4
HALIFAX	98,636	133,931	35.8	5
LONDON	91,024	121,516	33.5	6
HAMILTON	197,732	259,685	31.3	7
WINDSOR	123,973	157,672	27.2	8
OTTAWA	226,290	281,908	24.6	9
TORONTO	909,928	1,117,470	22.8	10
QUEBEC	224,756	274,827	22.3	11
MONTREAL	1,145,282	1,395,400	21.8	12
WINNIPEG	299,937	354,069	18.0	13
ST. JOHN, N.B.	70,972	78,337	10.4	14
ST. JOHN'S NFLD.	------	67,749	----	--

SOURCE: Compiled from Census of Canada 1951.

It will be seen that during the inter-censal decade, Edmonton and Calgary were the fastest growing metropolitan areas in the entire country. Moreover, although there are no comparable figures for the years since 1951, all the signs point to the fact that these areas are still the fastest growing in 1955. It is no wonder, therefore, that Edmonton and Calgary have experienced growing pains, as reflected in their capital requirements and debt, utility expansion, social problems, housing, school enrolments, and the like.

Moreover, as may be seen from Table 4, the two metropolitan areas are growing at a much faster rate than the province of Alberta as a whole.

TABLE 4

POPULATION INCREASE OF THE TWO CENSUS METROPOLITAN AREAS

COMPARED WITH THAT OF THE PROVINCE AS A WHOLE, 1951-1955.

YEAR	POPULATION ALBERTA	POPULATION EDMONTON METROPOLITAN	POPULATION CALGARY METROPOLITAN	POPULATION EDMONTON & CALGARY TOGETHER	ANNUAL % INCREASE OF TOTAL METROPOLITAN	ANNUAL % INCREASE OF ALBERTA
1951	939,501	173,075	139,105	312,180	---	---
1952	970,000	181,996	146,218	328,214	5.1	3.2
1953	1,002,000	197,879	157,697	355,576	8.3	3.3
1954	1,039,000	214,743	170,493	385,236	8.3	3.7
1955	1,066,000	226,955	183,871	410,826	6.6	2.6

SOURCE: Compiled from Census of Canada for the year 1951; inter-censal and other estimates and civic census for other years.

NOTE: The Census Metropolitan Areas, as shown in the adjoining diagram are not identical with the metropolitan areas for which statistics are readily available in non-census years. In all tables, unless otherwise stated, the figures for the Edmonton metropolitan area include only Edmonton, Jasper Place and Beverly; while the Census Metropolitan Area is somewhat larger. The figures for the Calgary metropolitan area, unless otherwise stated include Calgary, Bowness, Montgomery and "Glenmore". The Census Metropolitan Area of Calgary on the other hand, does not include Montgomery, but it does include a large rural area whose population may be taken as roughly equal to that of Montgomery.

It should come as no surprise therefore, to find that the two metropolitan areas are coming to contain a larger and larger fraction of the total population of the province. As may be seen from Table 5, these two Census areas which in 1941 held 24% of the provincial population, now account for about 38.5%, and about 65% of the whole urban population. Put in another way, some four out of every ten Albertans live within the two metropolitan areas of Edmonton and Calgary, and some two out of every three of the urban dwellers live in the Edmonton and Calgary areas. Considered on a population basis alone, to say nothing of the dominating position of these two cities in industry, education, finance and trade, the metropolitan areas and their problems are of tremendous importance in the life of the province; and if the present trends continue, the metropolitan areas will become relatively still more important.

TABLE 5

METROPOLITAN POPULATION COMPARED WITH

PROVINCIAL AND URBAN TOTAL, 1941 - 1955

YEAR	TOTAL POPULATION OF ALBERTA	URBAN POPULATION OF ALBERTA	METROPOLITAN POPULATION EDMONTON & CALGARY	% OF METRO-POLITAN TO PROVINCIAL TOTAL	% OF METRO-POLITAN TO URBAN TOTAL
1941	796,169	306,586	190,863	24.0	62.3
1951	939,501	488,188	312,180	33.2	63.9
1952	970,000	498,013	328,214	33.8	65.9
1953	1,002,000	591,834	355,576	35.5	60.1
1954	1,039,000	596,312	385,236	37.1	64.6
1955	1,066,000	633,000	410,826	38.5	64.9

SOURCE: Compiled from Census of Canada, departmental and other estimates, and civic census.

4. The two Cities.

We may now come to rather closer grips with the two metropolitan areas. Both Edmonton and Calgary are cities which have had an erratic history, so far as their population growth is concerned. Neither has grown steadily, but by a series of starts and stops, with boom periods of excessive optimism and rapid growth, followed by collapse and a slower growth.

First there was the tremendous land boom before 1914, when from a few thousand the population in both places spurted to that of medium size cities, whose inhabitants entertained dreams and speculative plans for a large metropolis. After the first world war, there followed a period of retrenchment and very slow growth until in the later twenties the rate of growth picked up a little, in what may be called a minor boom.

During the thirties, the years of the great depression, the increase was small, but the pace quickened somewhat during the war years under the impact of war-induced prosperity and northern developments. From 1947-48 to the present, the expansion has been phenomenal, a close parallel being found only in the initial land boom of 1906 to 1912. Instead of a land boom, however, the expansion since 1948 was largely based upon the spectacular development of oil and natural gas, and the industrial and financial growth which this generated.

In a very real sense, most of the problems of the cities and the surrounding areas stem from the very rapid population growth of the last decade or so. For that reason it is well to give further particulars of this population increase.

The following table shows the population increase in Calgary and Edmonton from 1901 onwards, and the attached Chart No. 1 shows the population in graphical form.

TABLE 6

POPULATION OF CALGARY & EDMONTON,
QUINQUENIALLY FROM 1901 to 1946
AND ANNUALLY THEREAFTER TO 1955.

YEAR	POPULATION CALGARY	NUMERICAL INCREASE	PERCENTAGE INCREASE	POPULATION EDMONTON	NUMERICAL INCREASE	PERCENTAGE INCREASE
1901	4,392	----	----	4,176	----	-----
1906	13,573	9,181	209.0	14,088	9,912	237.4
1911	43,704	30,131	222.0	31,064	16,976	120.5
1916	56,514	12,810	29.3	53,846	22,782	73.3
1921	63,305	6,791	12.0	58,821	4,975	9.2
1926	65,291	1,986	3.10	65,163	6,342	10.8
1931	83,769	18,478	28.3	79,059	13,896	21.3
1936	83,407	- 362	- 0.4	85,470	6,411	8.1
1941	88,904	5,497	6.6	93,924	8,454	9.9
1946	100,044	11,140	12.5	114,976	21,052	22.4
1947	102,000	1,956	2.0	118,541	3,565	3.1
1948	104,718	2,718	2.7	126,609	8,068	6.8
1949	112,829	8,111	7.8	137,469	10,860	8.6
1950	120,930	8,101	7.2	148,861	11,392	8.3
1951	129,060	8,130	6.7	158,709	9,848	6.6
1952	138,289	9,229	7.2	169,196	10,487	6.6
1953	147,518	9,229	6.7	183,411	14,215	8.4
1954	156,748	9,230	6.3	197,836	14,425	7.9
1955	168,840	12,092	7.7	209,353	11,517	5.8

SOURCE: Compiled from Census of Canada, and civic census.

5. The Calgary Area

From 1941 to 1947 the city of Calgary had been growing at about 2½% per annum; during the next year there was a slight increase to 2.7%, but beginning with 1949 the rate jumped to the unusually high figure of 7.8%, and since that year has never fallen below 6.3%. Whereas, before 1947, the annual addition to the city's population was of the order of 2,000, from 1948 for three years it was 8,000 a year, for the next three years, 9,000 a year, and for 1955 was the highest of all at 12,092.

In summary form, in the short space of 7 years to 1955, the population of the city increased from 104,718 to 168,840, an increase of 64,122 or more than 60%. This increase of 64,122 is almost identical with the entire increase over all the previous years between 1911 and 1947.

The evidence before the Commission tends to show that the rate of increase which a city can manage to absorb without undue strain upon its facilities and its finances, is of the order of 2% to 3% a year. To absorb even this number, presupposes that the city has land available to accommodate such a continuing expansion. Calgary was fortunately placed in this respect, since there was much vacant land within the city limits, and the city was not hemmed in by a built-up area. It is fairly obvious however, that a compounded rate of around 7%, continued for several years, is likely to prove a heavy strain. Such indeed has proved to be the case, as we shall see in later chapters.

With all growing populations, there are two ways in which the increase can come about: one is the excess of births over deaths (i.e., the natural increase), the other is by net immigration (i.e., the excess of migrants in, over migrants out). It is of some interest to compute the relative contribution which each of these methods has made to the increase of Calgary's population. The figures are given in Table 7 below.

TABLE 7

CALGARY POPULATION

NATURAL INCREASE AND NET MIGRATION, 1946-55.

YEAR	POP-ULATION	BIRTHS	DEATHS	NATURAL INCREASE	ASSUMED NET IMMI-GRATION	TOTAL INCREASE
1946 ..	100,044 ...	2,559 ...	996 ...	1,563 ...	380 ...	1,943
1947 ..	102,000 ...	3,069 ...	1,038 ...	2,031 ...	-75 ...	1,956
1948 ..	104,718 ...	2,933 ...	1,139 ...	1,794 ...	924 ...	2,718
1949 ..	112,829 ...	3,143 ...	1,141 ...	2,002 ...	6,109 ...	8,111
1950 ..	120,930 ...	3,135 ...	1,154 ...	1,981 ...	6,120 ...	8,101
1951 ..	129,060 ...	3,649 ...	1,146 ...	2,503 ...	5,627 ...	8,130
1952 ..	138,289 ...	4,059 ...	1,232 ...	2,827 ...	6,402 ...	9,229
1953 ..	147,518 ...	4,285 ...	1,324 ...	2,961 ...	6,268 ...	9,229
1954 ..	156,748 ...	4,600* ..	1,450* ..	3,150 ...	6,080 ...	9,230
1955 ..	168,840 ...	....	....	....	....	12,092

		% of annual total increase
Average annual total increase, 1949-1954	8,672	
Average annual natural increase, 1949-1954	2,571	29.6
Average annual assumed net immigration, 1949-1954 ...	6,101	70.4

SOURCE: Compiled from Census of Canada, civic census, and vital statistics. The assumed net immigration is arrived at by subtracting the natural increase each year from the total increase. * denotes estimates.

It is plain from the above table that the population of the city since 1948 has been increased much more by net migration into the city than by the natural increase. Whereas in 1947 there was a small net loss, and in 1948 only a small net migration into the city, since that date the number of net immigrants each year has averaged 6,101, whereas the natural increase has averaged only 2,571. Altogether, the average yearly population increase has been 8,672, and this is not counting the larger increase of 12,092 for 1955. Of the entire increase from 1949 to 1954, over 70% has apparently been due to net immigration.

In the outside fringe communities, excepting possible "Glenmore", just south of the city, the natural increase has played only a minor part in accounting for the phenomenal increases of recent years. Migration of people into the fringes has played the overwhelming role. That is to say, the fringe areas have grown for the most part by a movement of people from the city and from elsewhere. (See also Chapter 4.)

The population figures given immediately above are for the city of Calgary only. Table 8 below shows the population figures for the entire

metropolitan area of Calgary, (not the census metropolitan area, see note to Table 4). The table compares the rate of increase in the city with that in the settlements outside the city limits - the fringe areas or communities. In the fringes, the rate of increase was much more rapid and more irregular, than within the city itself. Consequently, when the metropolitan area as a whole is looked at, its population until 1955 has been growing at a rate even faster than that of the city proper.

TABLE 8

POPULATION OF CALGARY METROPOLITAN AREA, 1946-1955.

YEAR	CITY	BOWNESS	FOREST LAWN	MONTGOMERY	PERCENTAGE INCREASE OVER PRECEDING YEAR: CITY	BOWNESS	LAWN	MONTGOMERY
1946	100,044	650	646	...	...	...	...	...
1947	102,000	...	...	...	2.0	...	...	...
1948	104,718	1,570	...	...	2.7	...	...	...
1949	112,829	1,986	1,000	...	7.8	26.5	...	...
1950	120,930	2,368	1,000	...	7.2	19.2	...	...
1951	129,060	2,922	1,079	1,534*	6.7	23.4	7.9	...
1952	138,289	3,407	2,100	2,422*	7.2	16.6	94.6	57.9
1953	147,518	4,369	2,500	3,310*	6.7	28.2	19.0	36.7
1954	156,748	5,068	3,200	4,200*	6.3	16.0	28.0	26.9
1955	168,840	5,881	3,600	4,250*	7.7	16.0	12.5	1.2

SOURCE: Compiled from Census of Canada, civic census, exhibits given in evidence, and estimates. The addition of "Glenmore" in 1955 adds an estimated 1,300 people to give a total metropolitan population of 183,871. * denotes estimates.

In Bowness from 1949 to 1954, the rate of increase has varied between 16% and 28% per annum. In the year 1946, the estimated population of the then hamlet was 650, but by 1955 the town's population had reached 5,881; that is, it had been multiplied nine-fold in nine years. In Forest Lawn the population nearly doubled in the one year 1951-52 and was more than trebled between 1951 and 1955. The hamlet of Montgomery, a scant half mile west of the city, has in the post-war period grown from a handful of people to an estimated 4,250. It should not be forgotten however that, in absolute numbers, by far the greater part of the increase in the whole area has gone to the city and not to the fringes. Moreover, for 1955 while the city rate has increased, that for some of the fringes has declined sharply.

It would be wrong to give the impression that the Calgary area is unique in that the outside settlements have grown faster than the city. The same phenomenon is also found in the Edmonton area, and indeed is common

throughout Canada. What is unusual about the Calgary and Edmonton growth however, is the abnormally high rate of increase, within the city as well as in the fringe areas. As we have seen, the result was for some years to make these two metropolitan areas the fastest growing in Canada.

6. The Edmonton Area

In Table 6, earlier, the population growth for the city of Edmonton was shown. In general, the trend is very like that for the city of Calgary, though some minor differences are apparent. Nearly 100,000 persons have been added to Edmonton in the decade since the end of the second world war in 1945, enough in itself to form a good sized city. If the present trend continues for another year the Edmonton population will have been doubled in 11 years.

Edmonton was growing at a faster rate than Calgary before, during and immediately after the war, so that even in 1947 the annual rate ran at more than 3%. After the discovery of the Leduc oil field the rate jumped to 6.8%, and in some years went to more than 8%. In absolute figures, the average annual increase since Leduc has been 11,820, and for the two years 1953 and 1954 was more than 14,000 a year. For 1955 the number added has dropped somewhat to 11,517, and the rate to 5.8%, in contrast to Calgary where the number added has risen to 12,092 and the rate to 7.7%. For the first time in many a year Calgary's annual increase has thus been larger than that of Edmonton.

In Table 9, an attempt has been made to compute the portion of the city increase that is due to natural increase, and that due to the migration of persons from elsewhere into the city. There is a sharp break at 1948, since before that date the natural increase was the chief element in the city growth, with the exception of the war year 1943. But since 1947, out of the total increase of 79,295 persons, 50,273 or 63.4% has been due to immigration, a slightly smaller proportion than in Calgary. In the seven post-Leduc years the natural increase has averaged 4,146 a year, but the net immigration has averaged 7,182.

The 1955 figures, although incomplete, seem to tell a different story. It looks very much as though the gain in the past year from the natural increase will about equal the gain from net immigration. That is, it looks as though the smaller increase in 1955 is due almost wholly to a falling off in immigration, and not to a decline in the number of births and the natural

increase. By contrast, the immigration into Calgary during the past year has risen sharply.

TABLE 9

EDMONTON POPULATION

NATURAL INCREASE AND NET MIGRATION, 1946-55.

YEAR	POPULATION	BIRTHS	DEATHS	NATURAL INCREASE	ASSUMED NET IMMIGRATION	TOTAL INCREASE
1946	114,976	3,431	1,022	2,409	822	3,231
1947	118,541	3,999	953	3,046	519	3,565
1948	126,609	4,083	1,038	3,045	5,023	8,068
1949	137,469	4,353	990	3,363	7,497	10,860
1950	148,861	4,745	1,183	3,562	7,830	11,392
1951	158,709	5,089	1,152	3,937	5,911	9,848
1952	169,196	5,949	1,319	4,630	5,857	10,487
1953	183,411	6,529	1,354	5,175	9,040	14,215
1954	197,836	7,000*	1,690*	5,310	9,115	14,425
1955	209,353	.....	.....	.....	.....	11,517

SOURCE: As for Table 7. * denotes estimate.

		% of annual total increase
Average annual total increase, 1948-1954	11,328	
Average annual natural increase, 1948-1954	4,146	36.6
Average annual assumed net immigration, 1948-1954	7,182	63.4

The above tables deal only with city population but Table 10 which follows gives figures for the metropolitan area, including in that term only the city and the two adjoining towns.

TABLE 10

POPULATION IN EDMONTON METROPOLITAN AREA 1946-1955.

YEAR	CITY	JASPER PLACE	BEVERLY	PERCENTAGE INCREASE OVER PRECEDING YEAR: CITY	JASPER PLACE	BEVERLY
1946	114,976	......	1,171	....	.....	.....
1947	118,541	......	1,260	3.1	.....	7.6
1948	126,609	......	1,350	6.8	.....	7.1
1949	137,469	......	1,600	8.6	.....	18.5
1950	148,861	7,100	1,900	8.3	.....	18.8
1951	158,709	9,139	2,159	6.6	28.7	13.6
1952	169,196	10,500	2,300	6.6	14.9	6.5
1953	183,411	11,488	2,980	8.4	9.4	29.6
1954	197,836	13,307	3,600	7.9	15.8	20.8
1955	209,353	13,594	4,008*	5.8	2.2	11.3*

SOURCE: Compiled from Census of Canada, civic census, exhibits and estimates. The total of the city and the two fringe towns is 226,955, and adding other fringes the gross metropolitan total is about 230,000. * denotes estimate.

Again as in the case of the Calgary area, we find that the fringe communities, Jasper Place and Beverly, have in recent years had a faster growth, and a more irregular one, than the city. Hence, the metropolitan area, as a whole, until 1955, was growing faster than the city proper. The growth of the fringe communities too is largely accounted for because people have migrated there, only a relatively small part of the growth being due to natural increase.

Jasper Place has practically doubled its population in the five years from 1950, while Beverly has more than doubled. Edmonton, by contrast, only increased by 40.6%, in the same time, although the city is well on the way towards doubling its population since the discovery of the Leduc oil field. The rate of increase in the fringe towns fell sharply however in 1955, being especially marked in Jasper Place, where the rate is now lower than in the city, for the first time in 5 years.

Such rapid growth could not be handled each year without serious effect upon the fabric of government and upon city and town finances. Fortunately, Edmonton was like Calgary in having much vacant land within the city limits, so that large numbers could be accommodated inside the city. Thus, as in Calgary, the lion's share of the postwar population increase in the metropolitan areas has gone to the city and not to the fringes. Nor has there been any substantial number of persons brought into the city by annexation in that period. (See Chapter 13.)

A few related facts may be emphasized from this brief survey of population growth. (1) By far the greater part of the increase since 1947-48 has been housed and otherwise looked after within the cities themselves, with only some 15% of the total going to the fringes. (2) Since the outside communities have in general grown at a faster rate than the cities, their problems have been relatively more acute. (3) At the same time, to the extent that they have taken part of the metropolitan increase, the fringes have partly eased the burden of growth upon the cities.

7. Prospects for the Future

Up to this point we have adhered closely to the facts of recent population increase. We have been enabled to do so because we have dealt with the past, for which the records, albeit sometimes imperfect, are available.

If the present trends could be relied upon, they would yield information highly useful for many civic and provincial purposes, for example in planning a programme of capital expenditure.

Is it possible however, by examining figures of the past and present, to make reliable predictions for the future? Alas, the answer can only be no. The study of the past and present can never guarantee what will happen in the future. Any population estimate, no matter now elaborately it may be fortified with seemingly accurate statistics, is no more than an "educated guess".

Such guesses have often been made in the past and subsequent experience has as often shown them to be wide of the mark. In 1946, for instance, the Dominion Bureau of Statistics made estimates of the future population of Canada, according to which they expected the population to reach 13 million in 1951 nearly 14 million in 1961, and $14\frac{1}{2}$ million in 1971. (Canada Year Book, 1946, p. 128.) In fact, events proved this estimate quite wrong, since by the end of 1953 the population of Canada had already reached 15 million. The estimate proved wrong, not because of any statistical error, but because the assumption on which it was built did not hold good in later years. Nearly all Canadian population estimates have had to be drastically revised upwards in the last few years.

Similarly, on the local scene, a number of estimates of the future population, some of them quasi-official, have been made for Edmonton and Calgary. Nearly all of them have consistently turned out to be under-estimates of the growth that has actually occurred. Nor can the error be compensated for, in future estimates, merely by deliberately over-estimating, since no one can tell at what point growth will begin to fall off, or even whether an absolute decline may not set in.

The interpretation of the 1955 figures for Edmonton and Calgary is a good case in point. The smaller rate of growth for Edmonton in that year, at 5.8%, could be merely temporary, or it could be the beginning of a prolonged falling off in the rate of increase. Theoretically, it could also mean that the increase in the whole metropolitan area is being maintained, but that it is going more and more to the fringe communities outside. The latter hypothesis is not supported, however, by the figures given in Table 10

for Beverly and Jasper Place, which show that their rates of increase have fallen more sharply than in the city. Some metropolitan increase however, is going on in parts of the municipal district of Strathcona adjoining the city, and in the town of Fort Saskatchewan. There is also the point that the population increase of any city or area may be uneven rather than steady. So it is too early, on the basis of the 1955 figures alone, to make any firm statements about a long-term trend.

In Calgary too, where the fringe increase was unusually low for 1955, and the city increase unusually high, no one can tell with certainty whether net immigration will continue, or whether it may not fall off severely, and in the absence of such knowledge, any prediction is liable to a wide margin of error.

The truth is that all population estimates for the future rest upon a number of assumptions, concerning the birth rate, the death rate, emigration and immigration. These in turn depend upon other factors, of which government policy, the general level of economic prosperity, and the degree of industrialization are only three of the more important. In short, all estimates of this kind are subject to error because they depend upon variable factors, the effects of which upon population changes are not well understood, and none of which is entirely predictable. For instance, in recent history cities appear to have grown mainly by migration, but today it appears that city birth rates, and natural increase count for much more than formerly.

Nevertheless, an educated guess is more likely to be right than a wild and uninformed guess, and some assumptions are more reasonable than others. If the assumptions made are simple and reasonable, a few things may be said with some degree of confidence, though not of course with any guarantee that they will come true.

A useful clue, it is hardly more, to certain population trends may be found by examining the age composition of the present population.

Table 11 below gives the age composition of the inhabitants of Edmonton and of the census metropolitan area, for the census year 1951.

TABLE 11

AGE COMPOSITION, POPULATION OF EDMONTON AND CENSUS METROPOLITAN AREA

	1941	1946	1951	
AGE GROUP	CITY	CITY	CITY	CENSUS METROPOLITAN AREA
0 - 4	7,075	10,507	19,819	22,197
5 - 9	7,016	8,153	13,111	14,744
10 - 14	7,545	7,778	9,860	10,940
15 - 19	8,826	9,290	10,976	11,896
20 - 24	10,057	11,798	15,660	16,693
25 - 34	16,555	21,102	30,203	32,637
35 - 44	11,992	15,097	22,356	24,067
45 - 54	11,340	11,731	14,722	15,757
55 - 64	8,382	10,424	11,910	12,528
65 - 69	2,173	3,297	4,713	4,983
70 plus	2,856	3,939	6,301	6,633
TOTALS	93,817	113,116	159,631	173,075

SOURCE: Census of Canada.

Table 12 below gives the age composition of the inhabitants of Calgary, and of the census metropolitan area for the year 1951.

TABLE 12

AGE COMPOSITION, POPULATION OF CALGARY AND CENSUS METROPOLITAN AREA

AGE GROUP	1941 CITY	1946 CITY	1951 CITY	1951 CENSUS METROPOLITAN AREA
0 - 4	6,016	8,296	14,314	16,012
5 - 9	5,984	6,073	9,367	10,626
10 - 14	6,510	6,123	6,775	7,604
15 - 19	7,323	7,231	8,210	8,807
20 - 24	8,908	9,306	11,748	12,424
25 - 34	15,811	18,612	23,453	25,218
35 - 44	11,969	13,882	18,253	19,564
45 - 54	11,475	11,346	13,196	13,975
55 - 64	9,228	10,970	11,720	12,293
65 - 69	2,531	3,712	5,273	5,520
70 plus	3,149	4,493	6,751	7,062
TOTALS	88,904	100,044	129,060	139,105

SOURCE: Census of Canada.

Table 13 below gives the age groups of the cities and metropolitan populations, by percentages, and makes comparisons with the average of large and medium Canadian cities.

TABLE 13

POPULATION PERCENTAGES BY AGE GROUP, EDMONTON & CALGARY, CENSUS YEAR 1951.

AGE	EDMONTON ONLY	EDMONTON METROPOLITAN	CALGARY ONLY	CALGARY METROPOLITAN	AVERAGE OF LARGE CANADIAN CITIES
0-4	12.4	12.8	11.1	11.5	10.0
5-9	8.2	8.5	7.3	7.6	7.4
10-14	6.2	6.3	5.2	5.5	5.9
15-19	6.9	6.9	6.4	6.3	6.7
20-24	9.8	9.6	9.1	9.0	8.7
25-34	18.9	18.9	18.2	18.1	17.3
35-44	14.0	13.9	14.1	14.1	14.8
45-54	9.2	9.1	10.2	10.0	11.9
55-64	7.5	7.3	9.1	8.8	9.1
65-69	3.0	2.9	4.1	4.0	3.6
70 plus	3.9	3.8	5.2	5.1	4.9

SOURCE: Compiled from Census of Canada. Large cities means cities with over 100,000 population.

TABLE 14

EDMONTON AND CALGARY METROPOLITAN AREAS BY PERCENTAGES IN DIFFERENT AGE GROUPS, 1951.

AGE	EDMONTON	EDMONTON METROPOLITAN AREA	CALGARY	CALGARY METROPOLITAN AREA	AVERAGE OF LARGE CANADIAN CITIES
0 - 14	26.8	27.6	23.6	24.6	23.3
15 - 34	35.6	35.4	33.7	33.4	32.7
35 - 64	30.7	30.3	33.4	32.9	35.8
Over 65	6.9	6.7	9.3	9.1	8.5

SOURCE: Compiled from Census of Canada.

Based on the information in the above tables it is possible to draw several pertinent conclusions.

The first of these is that each area as a whole contained a higher proportion of young children (under 14) than did the two cities. Since the city population is large, relative to the fringes, it follows that the fringes have a higher proportion of children than the tables disclose. The fringe communities have had, and may be expected to have for some years, a somewhat more pressing school problem, arising from their higher proportion of children of school and pre-school age.

Secondly, it will be seen that Edmonton had a relatively higher child population than Calgary, and a relatively smaller proportion of elderly. This may be interpreted in several ways, but we refrain from doing so.

Thirdly, both of the cities, and both of the metropolitan areas, contain a higher proportion of young people than the average for large Canadian cities. Looking at Table 14 in another way, we may say that Edmonton and Calgary had relatively less people in the high-earning age group of 35 to 64 to support the municipal services for the whole population.

We can perhaps indulge in one or two guarded predictions. If the present high birth rate continues, and if the young children at present in the two areas remain there, to establish families in due course, then a continuing increase in metropolitan population is inevitable, regardless of whether or not immigration should continue. Moreover, since the population, particularly of Edmonton, is relatively young, the death rate will probably be low, which will contribute to maintaining the present high rate of natural increase. The area as a whole can hardly help but pass through a stage of continuing expansion, and the same is true for the Calgary area. A strong need for land, residential housing and everything else that goes with it, is also likely, as the present children grow up and establish separate families, ten years or so from now. They cannot expect merely to displace their parents, because in view of the age composition their parents will still be alive and occupying housing room. The school problem is more immediate, and may recur, when the present children establish families.

Looking at the tables in still another way, and taking them in conjunction with estimates of the population by age groups <u>since</u> 1951, it is possible to say that the two cities contain numbers of young people corresponding to cor-

siderably larger cities, if their age-grouping were that of the average for large cities in Canada. Assuming neither migration in nor out, only time is required to increase the population.

But to judge from the natural increase alone, then the population growth, including those of school age, will not be steady, but irregular. This is because of the relatively low birth rate and natural increase in the 1930's, whose children are now establishing households. This relatively small crop of young adults, now beginning to found families, would lead to a temporary and relatively smaller school population for a few years ahead - unless this relative decline is masked entirely (which may well happen) by the children born to the young adults who have migrated into the areas. But beginning in 10 years or so the school population will probably surge upwards once more, for the reasons already stated.

Such forecasts are only as valid as the assumptions upon which they are based. Unforeseen factors, such as a large influx of persons into the area, would require their upward revision. Again, no one can tell what the effects of a general depression might be. Yet even if by ill chance a depression should occur, other areas of Canada may be no more favourably situated than Edmonton and Calgary, in which case these two cities may well retain their natural increase. They might even gain by a net immigration from less prosperous regions.

It is reasonable therefore to expect the city growth to continue, but it is much harder to say with confidence what the rate of increase will be. A number of estimates have been put in evidence before the Commission.

A city of Calgary estimate drawn up in 1954 put the city population at 219,431 by 1959, and at 315,850 by 1974. A rate of 7% was assumed until 1959, and a rate of 4% from 1954 to 1974. See Table 15 below. The Calgary metropolitan population, by 1974, was estimated at 384,420.

TABLE 15

ESTIMATED FUTURE POPULATION, CITY OF CALGARY

YEAR	POPULATION	INCREASE	% INCREASE
1955	167,720	10,972	7
1956	179,476	11,756	7
1957	192,016	12,540	7
1958	205,486	13,470	7
1959	219,917	14,431	7
1974	315,850	95,933	4

SOURCE: Exhibit 92 C. Average increase between 1954 and 1974 based on period 1921 to 1954.

By projecting past and present trends the Petroleum and Natural Gas Conservation Board in 1953 estimated that by 1960 the Edmonton population would be about 275,000 and the Calgary population about 200,000. (Report of Petroleum and Natural Gas Conservation Board, 1953).

Nearly all estimates since the war have underestimated the growth that has actually occurred. The city of Edmonton estimates in 1948 for the period 1949 to 1953 "proved almost as inadequate as the amount of money that was estimated to be required." (Exhibit 130 E). The city estimate for 1953 was 165,000 but the actual figure turned out to be 183,411.

An estimate prepared for the Chamber of Commerce in 1951, four years after the first Leduc discovery, put Edmonton's 1961 population at 211,000. (Hu Harries and Associates, 1951, P.24). In fact, however, Edmonton already had 209,353 by 1955.

The estimate put in evidence by the Edmonton District Planning Commission suggested that the metropolitan area (city and fringes) might have 358,500 by 1970, a figure arrived at by projecting the trend line from 1941 onwards. (Exhibit 120 E). If the rate of increase continued at 7.6%, or the average from 1948 to 1954, the Edmonton area would have 362,400 by 1961, and 454,000 by 1964. But it is well known that projecting past trends seldom gives reliable estimates, and in 1955 the Edmonton rate of increase dropped considerably to 5.8%, a fact which may be variously interpreted for the future.

If the suggestions of the Edmonton District Planning Commission are adopted, then the city will plan for an "optimum" population of 350,000 to 400,000. And long before these figures are reached, if pressures for growth continue they will be deflected to regional satellite towns. (See Chapter 5, Planning.)

Other population estimated have been, and no doubt will continue to be, constructed some of them based upon nothing more solid than the optimism or pessimism of those who construct them, others with elaborate assumptions and mathematical trimmings. The Commission does not feel disposed however, to make any ambitious essays in precise forecasting. On the whole, however, and after bearing particularly in mind the age composition of the population, there seems at the moment every likelihood that the population will continue to grow in both

Calgary and Edmonton. If we assume a continuation of economic prosperity, the high birth rate, the low death rate, the trend to urbanization and industrialization, then the rate may well be high, even though it may fall below the very high level of recent years. It seems wisest therefore, to consider city and metropolitan problems in the light of this assumption, rather than to assume a static or a declining population. Throughout the rest of this report therefore, the assumption made is that the city and metropolitan populations will continue to increase. If the rate of increase should level off at the lower rate for Edmonton in 1955 - i.e., between 5 and 6% - the city population would double in less than 15 years. If the rate fell to 3%, or some 7,000 persons a year, then it would take until 1980 before the population of Edmonton city reached 400,000. If the Calgary rate fell to 3%, or some 6,000 persons a year, by 1980 its population would be about 340,000. Moreover, in both cases, if instead of taking city figures we took the entire metropolitan population, then at these rates of increase, the calculated numbers would be reached earlier. It would be folly for the civic administrations not to lay forward looking plans to take care of such possible expansion. Yet the plans must be flexible, both upward and downward, since no one can foretell accurately what the future holds in store.

CHAPTER 3. DESCRIPTION OF THE FRINGE COMMUNITIES

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OUTLINE OF CHAPTER CONTENTS

CHAPTER 3. DESCRIPTION OF THE FRINGE COMMUNITIES

Before the problems of the fringe communities can be profitably analysed, some desceiption is necessary. The following gives certain factual material on the fringe communities, drawn largely from evidence presented to the Commission.

Part I. THE CALGARY AREA

1. Town of Bowness

LOCATION

The town of Bowness is located in the valley of Bow River about a mile and a half west of the present city limits of Calgary. The town is hemmed in by hills on the south and west, and the Bow River on the north and east. Provincial Highway No. 8 runs from the city to Bowness, and thence to the Provincial Sanitorium, about a half mile further up the valley of the Bow. Two gravelled roads, one leading northward to the Banff Highway, the other westward to the countryside, are the only other outside road connections to the town. The Trans-Canada Highway may traverse the town. The Canadian Pacific Railway on its westward route to the coast cuts diagonally through the town, but there are no stops or sidings.

The location is attractive as a residential area because of its valley landscape, and its comparative isolation. The town has some drawbacks however. The surface and subsoil are generally composed of gravel, which permits seepage from backhouses and septic tanks into wells. Contamination of wells was much less likely in earlier days when the population was sparse, but today the danger of domestic water contamination is considerable. An imperative need for proper sewer and water services thus arises, but the cost of installing these services is high because of the gravelly subsoil.

The town's distance from the city also enhances the cost of extending city sewer and water services, as well as the cost of transport whether private or public, and generally makes it more costly to extend city amenities.

HISTORY

The townsite was first laid out in the uncontrolled subdivision boom of 1911 and was intended as a high-class suburban district. Most of the lots were about an acre in size and their use was restricted by building

caveats which did not permit any commercial development. John Hextall, the original promoter, installed a pressure water system and fire hydrants at the west end of the townsite, and provided a gas line into the townsite. The early water and pumping system has long since been abandoned. In return for the construction by the city, of a street car line to the townsite, Hextall granted the city title to the river-island known as Bowness Park.

A few large homes were built, but the boom collapsed and the whole scheme failed. Most of the property reverted to acreage, until the depression days of the 1930's when many of the properties were subdivided into small lots to be sold for almost any price in order to avoid the burden of taxation. The caveats restricting commercial development upon certain lands remain however, and are said to be hindering building plans. Smaller homes, among them many of the shack type, began to appear and in 1934 a post office was opened in the only shop in the hamlet. The population grew slowly to an estimated 650 in 1946 when the first real impetus to housing and growth came with a Veterans' Housing Project for 48 families.

During all this time the hamlet had been part of the rural municipality of Springbank but on January 2nd, 1948, the village of Bowness was incorporated and affairs were entrusted to a locally elected council. In 1951 the village was raised to the status of a town. Today the town, like all towns in Alberta, has a council of six and a mayor. Full time employees are a secretary-treasurer and a stenographer, a public works foreman, a machinery operator, and two constables.

SOCIAL CHARACTERISTICS

There is no doubt that the increased population of Bowness is a direct result of the expansion of Calgary, with Bowness as a dormitory suburb for the city. In the nine years from 1946 to 1955, the population increased from 650 to 5,881, or about nine-fold. The city increase for the period was 68.8%. Moreover, families in Bowness are both younger and larger than in the city, or in any single census tract of the city.

The census of 1951 shows that families in Bowness, averaging 3.7 persons, are larger than those in Calgary at 3.2 persons. The highest census tract in Calgary shows 3.4 persons. In 1951, 39% of the town's population was 19 years or younger, while in the city of Calgary only 29% were under the age of 19 years. In Bowness 19% of the population was 4 years of age

or under, while in Calgary there were only 10% in the same age group. A town census, so it was said in evidence, found that in 1954 some 43% of the population was below the age of 16.

Wages in the town are also lower than the city average. The median earnings of the wage-earning family heads (census of 1951) were $2,296 as compared with $2,521 in the city as a whole. The Bowness figure is only approached by three of the lower income census tracts within the city. The median wage for females was $1,088 as compared with the city wage for females of $1,313.

HOUSING

Housing is generally below city standards, the average home being 650 square feet without basement, running wateror plumbing; with electric light and telephone; but heated only by a gas stove. Domestic water is usually obtained from a well. About three-quarters of wells are dug wells, 20 to 30 feet in depth,while the rest are drilled wells running down to 70 feet and having pumping systems. As a substitute for plumbing the bulk of the houses resort to chemical toilets and backhouses. Many lanes are clutteredwith these outside privies, but they are gradually being replaced by chemical toilets, and so the appearance of the town is improving.

Although there has been some tendency for the mushroom growth of recent years to concentrate in two major areas, dwellings are scattered throughout the town. Building is more orderly in the city, because of the policy of granting permits to build on serviced lots only. Since Bowness has no serviced lots there has not been the same reason for controlling development, and indeed there is something to be said, in the interests of public health, in keeping settlement scattered so long as sewers and piped water are lacking. The commonest lot size is 50 feet by 120 feet which approximates the usual city standard.

ZONING

The town is a member of the Calgary District Planning Commission and makes frequent use of its services on subdivision and development matters. The town has no interim development bylaw, but instead promotes orderly growth through its zoning and building bylaw, which has recently been strengthened and improved. The town council acts as appeal board from the

building inspector, who is a part-time official, paid on a fee basis. The zoning plan is essentially that in existence when Bowness was a hamlet, although since incorporation the zoning has been enforced - in contrast to the practice in earlier days. The industrial zone is small at best, and very little of it is developed, and the same is true of the commercial zone. This is not surprising when it is noted that only an estimated 21% of the wages earned by Bowness residents is actually spent in the town; the remainder being spent for the most part in Calgary.

MUNICIPAL SERVICES

The only extensive water system in the town is a private system installed under the Veterans' Land Act when the project was developed. Water is obtained by pumping from a deep well and is stored in a 1,000 gallon cistern. Each of the serviced lots may be broken into four lots at a later date, in which event the system would have to be changed to meet the quadrupled demand. All the houses in the project are served with septic tanks.

In the more recent building projects, deep wells with pumps provide water for up to 5 houses, thus reducing the cost, which would otherwise be about $1,000 per dwelling. In these latter projects the plumbing is limited to hot and cold water for drinking and washing purposes only. Toilets are still limited to the chemical type and pits.

In February of 1952, the town received a report from an engineering firm on the costs of installing and maintaining a sewer and water system. In addition to a considerable increase in the mill rate to help finance the project, it was estimated that the cost of these services to each resident on a 50-foot lot would be in the neighborhood of $85 per annum. This would be a tremendous extra burden when it is recalled that the total annual taxes on half the dwellings is less than this amount. The burden would, of course, be offset to some extent by the elimination of expenses for chemical toilets and wells.

After further inquiries the natural conclusion was reached by the Council that it was impossible, at that time, to meet the costs of a sewer and water system. More recent investigation indicates that the cost of servicing 75% of the town would be considerably in excess of the original quotation, which was on the basis of 100% of the homes being served.

NATURAL GAS

Natural gas for fuel is supplied by the Canadian Western Natural Gas. Co. Ltd., under a franchise agreement made with the then village in October, 1949. The agreement established the rates for 20 years at the same scale as within the city of Calgary and subject to similar discounts, deductions and any other adjustments which may be determined by the Board of Public Utility Commissioners.

ELECTRICITY

Electricity is supplied by the city Electric Light Department. The rates in force in the town are those established by a schedule dated December 31st, 1953. For domestic services the rate is 25% higher than within the city, and for commercial services it is 10% higher. The city department installs all the poles and lines necessary for servicing the area without any additional capital charge, in spite of the low density of consumers in some sections.

TELEPHONES

The Alberta Government Telephones has established an exchange in the town which serves also the neighbouring hamlet of Montgomery, and is the centre of a one and one-half mile radius rate zone which applies in both town and hamlet. Within this radius, the standard rate is $3.25 per month. For the next half mile a 50¢ differential is added, and in the next half mile an additional 50¢. Thus a person living just over half a mile from the standard rate zone pays $1.00 additional on his telephone charges.

PUBLIC TRANSPORT

In conformity with the original agreement of 1913 bringing the city street railway to Bowness, transport service is still continued with its terminus at Bowness Park on the west end of the town. An additional 10-cent fare is charged within the town, starting at the Shouldice Bridge on its south-east corner. This fare is an additional burden on the residents, particularly since they feel that Bowness is very little if any further from the city centre than Ogden, which is within the city, to the south-east.

FIRE PROTECTION

Fire protection is provided by a volunteer fire brigade of 15 members, with a fire hall, and basic equipment consisting of two pumping engines and a reserve tank. Since the town has no hydrants, the engines carry tanks of water and can also lay hose to the river if necessary. A new engine was purchased in 1955.

POLICE

The town's police force consists of two constables, whereas the recommended number on the basis of 1 per thousand of population should be 5. The city proportion is even higher. Cases are dealt with by a local magistrate. The town has no lockup, but accommodation is provided by the Royal Canadian Mounted Police without cost to the town.

The police department has no office of its own but uses the council chamber during times when the council is not in session. The policemen provide their own cars and receive a compensating allowance from the town. If police protection were increased to 5 constables to give full service, expenditures would rise by $12,000 a year, or an addition of about 4 mills to the present rate of 44 mills.

GARBAGE

Garbage is collected every two weeks in residential areas, and every week in commercial areas. Neither schedule is adequate. The garbage dump is located in a worked-out sand-pit in the hills west of the town. Costs of an incinerator or of the long haul to the city incinerator, are prohibitive. At the present time the garbage service costs 44¢ per head, or nearly 1 mill on the total rate. To duplicate city schedules of collection alone would add about 2½ mills to the rate.

WELFARE AND PUBLIC HEALTH

General social services are provided on a very modest scale and the cost has averaged about $1 per head during the past seven years, or a little over 2 mills on the rate. In the event of any wide-spread economic recession the town's position is extremely vulnerable, and it could not afford a large increase in relief and welfare expenditures.

A recent public health report, supplemented by evidence from the Provincial Health Inspector for the area, reveals that the public health situation is potentially dangerous. The menace results chiefly from the juxtaposition on small lots of septic tanks or out-houses, and shallow wells; a situation which, combined with the poor filtering qualities of the subsoil and a high water table, results in well contamination. The report states:-

> "...of 10 dug wells tested, only 2 did not show some degree of contamination. Between September, 1953, and September, 1954, a total of 64 bacterialogical tests were made of waters from different sources - including re-tests following chlorination - and yet 43% showed contamination...the position then, is such that there is a very real potential danger from a water borne disease, such as typhoid fever. Undoubtedly the provision of

"piped water supply and modern common sewage disposal system is an urgent need in the town".

HOSPITAL SERVICE

The town has entered into a contract by which hospital services are provided by the Calgary General Hospital. The cost is met through a levy of 4 mills on the assessment, but with a minimum charge of $10 a year on all properties assessed under $2,500; and by the provincial hospitalization grant of 50%.

The cost per head of this hospital service was $4.23 in 1954; as compared with $9.86 in Calgary. It is obvious from these figures that the town was securing hospital services from the city at less than their full cost, and to some extent the city is subsidizing the town's hospital service. (See also Chapter 6.)

FINANCES

Assessment in Bowness is on the basis of 100% of "fair actual value" for both land and improvements, the value of improvements being taken at the 1942 level, with the date of the last general assessment being 1953.

The assessed values of the average property (land and buildings) in 1953 was only $1,835, which at 54 mills yielded $99 in taxes. About 73% of the total properties paid the average or less taxes, while only 27% paid more. Expressed on a per capita basis, the average 1955 assessment was $531 in Bowness as compared with $1,301 in Calgary. (See also Chapter 4.)

Moreover, the Bowness assessment per capita was lower in 1954 than in 1950, whereas in Calgary there was an increase in assessment per capita, because of the greater number of high cost homes, the increasing industrial assessment, and (in 1953-1955) the re-assessment on land. The Bowness figure increased somewhat in 1955, however.

The percentage of total assessment comprised of commercial and industrial properties is only 8%, as compared with some 40% in the city. Only a small amount of property, assessed at $132,000, is exempt from taxation.

Contrary to widely-held beliefs, taxes in Bowness are not low considering the range and quality of services available. In fact, for the 30% of homes assessed at $2,000 or higher, taxes are relatively high. If these dwellings were in the city of Calgary, it is estimated that as of 1954 the assessed value of improvements would have been about 20% lower than in Bowness.

Nor is the mill rate especially low. In 1950 it stood at 55, but the unconditional municipal assistance grants given in that year, together with a rise in the assessable portion of improvements from 60% to 100% brought about a reduction to 33 mills. However, in 1953 and 1954 the mill rate rose again to 54 mills. The fall to 44 in 1955 was due to the increased school grants, which enabled the school rate to be reduced by 10 mills - from 35 to 25. Table 1 which follows gives the particulars on the Bowness assessment.

TABLE 1

TOWN OF BOWNESS

ASSESSMENT AND MILL RATE, 1948-55

YEAR	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL ASSESSMENT	ASSESSMENT PER CAPITA	MILL RATE
1948	$121,995	$ 656,344	$ 778,339	$ 495	50
1950	167,470	1,128,535	1,296,005	547	55
1952	173,335	1,147,774	1,321,109	387	44
1954	272,055	1,908,162	2,180,217	430	54
1955	282,315	2,839,495	3,121,810	531	44

1954 Residential assessment .... $1,999,967 or 91.7% of total
Commercial assessment ..... 180,250 or 8.3% of total

SOURCE: Compiled from annual reports Department of Municipal Affairs, Exhibit 40 C, and town data for 1955.

The real property levy showed a decline from $24.79 per head in 1948 to the low of $16.44 per head in 1951. There are several reasons for this, the more important being the almost stationary amount of commercial and industrial property, the relative increase in buildings of low value, the larger households, while perhaps also assessments may have been kept too low. The total revenue per capita of $27.73 in 1955 may be contrasted with that of Calgary at $91.21 to give a fair indication of the relative financial position of town and city.

Another indicator is the proportion of revenue (or expenditure) derived from government grants. These grants rose from nothing in 1948 - the date of incorporation as a village - to 27.5% of the total operating revenue in 1955. The real property levy has consequently increased much more slowly, and has actually decreased as a percentage of total revenue, from 95% in 1948 to 63% in 1955. Despite a population and assessment increase in 1955, the total property levy is less than the year before; a noteworthy situation made possible largely by the extra school grants which resulted in a lower mill rate.

Finally there has been some rise in uncollected taxes as of the end of the year, from 32% in 1950 to 38% for 1954, although 1955 may tell a different story. The town has no debenture debt. Tables 2 and 3 which follow, give further particulars, over a period of years, on the finances of Bowness.

TABLE 2

TOWN OF BOWNESS

SOURCES OF REVENUE, 1948-55

YEAR	REAL PROPERTY LEVY	%	SOURCES	%	PROVINCIAL GRANTS	%	TOTAL REVENUE	REVENUE PER CAPITA
1948	38,916	95.2	1,969	4.8	Nil	-	40,885	26.04
1950	49,403	90.7	4,532	8.3	539	1.0	54,474	23.00
1952	63,129	71.6	6,723	7.6	18,308	20.8	88,160	25.87
1954	131,628	69.9	10,706	5.7	45,990	24.4	188,324	37.16
1955	102,200	62.7	15,965	9.8	44,922	27.5	163,087	27.73

SOURCE: As for Table 1.

TABLE 3

TOWN OF BOWNESS

EXPENDITURES BY CLASSES, 1948-55

YEAR	GENERAL ADMIN. $	%	DEBT CHARGES & CAPITAL EXPEND. FROM REVENUE $	%	WELFARE & COMMUNITY SERVICES $	%	HEALTH $	%	EDUC. $	%	TOTAL $
1948	9,003	18.3	11,361	23.0	2,595	5.3	110	.2	26,217	53.2	49,286
1950	16,616	30.7	3,371	6.3	1,718	3.2	438	.8	32,000	59.0	54,143
1952	27,421	33.7	6,303	7.7	1,059	1.3	13,414	16.5	33,168	40.8	81,365
1954	43,495	28.5	8,029	5.3	4,824	3.2	27,458	18.0	68,770	45.0	152,576
1955*	62,782	38.5	13,900	8.5	6,150	3.8	25,750	15.8	54,505	33.4	163,087

SOURCE: As for Table 1. * denotes estimates.

2. The Bowness School District

Schools in Bowness are under the jurisdiction of the Bowness School District No. 4590, with an elected board of five. The school district is slightly larger than the town itself, and takes in a small portion of rural territory. In return for educating children in this rural area the school board requisitions upon the rural municipality some $2,700 a year. The town has no separate school.

The school district was first organized in 1932, but in 1937 the hamlet with its three room school was transferred to the Calgary Rural School Division #41. Like nearly all large hamlets within a predominantly rural school division, Bowness presented a special problem, which as time went by became more acute, so that in 1941 a special school levy of 20 mills was imposed, above the ordinary school levy of 12 mills in the school division. This used to be a fairly common practice in Alberta. In 1946 the Bowness school district was reconstituted, and ejected from the rural school division. The rural body was, in fact, finding that the hamlet was costing a good deal more than it was paying in taxes and grants, and was running an annual deficit of over $9,000 to the division. Government grants were at that time (1945) only $1600 out of a total cost of operation of $22,000 for the hamlet schools.

Since families are young and large, the school population is proportionately high. In 1953 there were 1,158 school children or 26.5% of a total population of 4,369, and of course, the number of pupils has risen since then with the general population increase, and as the younger children have entered school. In fact, the school population has increased faster than the total population from 1951 onwards.

The evidence given to this Commission is that another 9 rooms, to accommodate 250 children will have to be provided in 1955; while if the rate of growth continues, a further 35 extra rooms will be needed in the next 4 or 5 years - at a minimum cost of say, $420,000, exclusive of government construction grants which would amount to an estimated $140,000.

Since incomes are relatively low, and assessment is mainly on low cost housing, it follows that the burden of school costs can only be met with the help of large amounts of provincial aid. The financial position may be put in another way. The total tax levy on real property is not enough to pay the school costs alone. As a result, the town and more especially the school board, rely on municipal and school grants from the province. The following table 4 brings out the relationship between total property levy and total school costs.

TABLE 4

REAL PROPERTY LEVY & SCHOOL COSTS

BOWNESS - 1948-55

YEAR	TOTAL REAL PROPERTY LEVY OF TOWN $	TOTAL SCHOOL COSTS $	PROPERTY LEVY AS % OF SCHOOL COSTS
1948	38,916	50,502	77
1950	49,403	66,818	74
1952	63,129	108,237	58
1954	131,628	176,118	75
1955	102,200	185,544	55

SOURCE: Compiled from Tables 2 and 5. A small adjustment would be necessary to allow for the fact that school boundaries are slightly larger than those of the town.

As we see from the above table if the entire property levy is devoted to schools it would not be nearly enough to cover school costs. We have here a relationship of considerable importance, and which may be generalized; viz: the taxes on residential property alone - unless it is very valuable property indeed - do not normally carry the school costs in an urban area. _A fortiori_ then, the residential property taxes cannot support in addition the range of municipal services which are required by urban dwellers. The evidence from other fringe communities, and from the cities as well, support the same conclusion.

The school debt of the Bowness School District has risen from nothing in 1949 to a present figure of some $350,000. All debt charges amounted to some $22,626 in 1954 and to an estimated $25,818 in 1955.

No senior high school (Grades X to XII) is maintained, largely for financial reasons, and senior high school students attend schools in Calgary, either public or private. In addition to the tuition fee which the Bowness school district pays to city schools on behalf of Bowness pupils, there is also a small cost of transportation for the pupils. Tuition amounted to $11,257 in 1954, and to an extimated $15,000 for 1955. (A senior high school of 15 rooms is being erected.)

The following Table 5 gives information on the finances of the school district.

TABLE 5

BOWNESS SCHOOL DISTRICT #4590

YEAR	SCHOOL POPULATION	SCHOOL ASSESSMENT	SCHOOL REQUISITION	GOVERNMENT GRANTS (OPERATIONAL)	TOTAL COST (EXPENDITURE)	COST PER PUPIL
		$	$	$	$	$
1948	459	1,034,893	35,841	23,350	50,502	110
1950	578	919,827	34,365	19,145	66,818	116
1952	738	1,321,109	35,966	52,381	108,237	146
1954	1,122	2,186,217	71,544	75,150	176,118	157
1955	1,200*	2,291,197	57,279	128,658	185,544	155

SOURCE: Compiled from Exhibit 59 C, annual reports Department of Education, and school district budget. Note that about $111,000 of school assessment is outside the town. * denotes estimates.

The very large increase in the government grants for schools is perhaps the most noticeable feature of the 1955 figures. The increase which brought the school mill rate down from 35 to 25, is of two parts: in the tax reduction subsidy and in the operational grants, as follows:

	1954	1955
Operational Grants	$75,150	$ 97,934
Tax Reduction Subsidy	-	30,724
TOTAL	$75,150	$128,658

The total requisition of $57,279 for 1955 is a considerable reduction from the 1954 amount. The great bulk of the requisition is upon the town - only $2,774 being drawn from the rural assessment outside.

The school board requisition upon the town was $13.57 per capita in 1954, while the amount of regular and special grants from the government was $14.83. For 1955 the corresponding figures will be $9.27 and $21.88. Of the total operating school costs (expenditures) in 1954, 42.7% was received by way of government grants, and in 1955, 69.3%.

The burden of school costs may be emphasized in other ways; the school board's per capita revenue of $31.62 in 1955 was more than that of the town at $27.73. Or again, the school district revenue was approaching double the town's real property levy. Or finally, the estimated revenue and expenditure of the school board at $185,544 is more than that of the town council at $163,087.

PROSPECTS FOR THE TOWN

There is little prospect of any substantial industrial or commercial taxation to widen the tax base. Apart altogether from other considerations, there is not much land suitable for industry. The town has only been able to carry on with its schools and with such other few services as are provided, by means of large provincial grants, and a policy of self-denial. Taxation rates must inevitably rise, or grants increase, as the proportion of school and social expenditures keep on growing, and as the public demands more services.

The choice before the town is, bluntly, whether to remain independent and lacking in many normal town amenities, or to merge with the city of Calgary. The town favours amalgamation.

3. The town of Forest Lawn

LOCATION

The town of Forest Lawn lies east of Calgary, being separated from the city by the Bow River, across which an old second-class bridge is the main communication route. The town limits are half a mile from the city, with the river and river bank between the two. A new bridge is however being built, which will provide connection between city and town, and a better outlet from the city to the country eastwards.

The east-west Highway No. 1, from Calgary to Medicine Hat, bisects the town, and has partially determined the development of the town on either side of it. The new Trans-Canada Highway which passes just north of the town may also have a considerable effect upon the town's planning and future.

HISTORY

Settlers who had come to the district earlier, in the hamlets of Albert Park, Hubalta, and Forest Lawn, were overtaken by the real estate speculation of 1910-12, and the district became subdivided into the then usual 25 ft. lots which, at that time, sold for an average of $300. Many of these narrow lots remain today.

During the depression which followed the first world war, many lots reverted to the municipal district of Shepard (in which the hamlets were situated), in default of taxes; and those residents who stayed on were sold additional lots for as low as $5. These were mainly small farmers, owning parcels of the formerly subdivided land.

During the early thirties the relief burden became too heavy for the municipal district and the province was compelled to appoint an administrator to direct the affairs of what by that time had become two villages, Albert Park on the west, and Forest Lawn on the east. In 1935 the two villages were amalgamated, and some additional territory added, but provincial administration still continued. By 1942 village finances were somewhat more stable. The province cancelled all tax arrears and the bulk of the relief debt, and arranged for the remainder to be paid by 1948. In 1946 a part of the village - Albert Park - applied to be taken into the city of Calgary, but the application to the Board of Public Utility Commissioners was not successful. In the same year a successful petition was made for an elected council to run the village, and in 1953 the village achieved the status of a town with a mayor and six councillors. The permanent employees are a secretary, an assistant, two policemen, and a road foreman, or five in all. Provincial aid still accounts for a quarter of the town revenue, and nearly three-quarters of the revenue of the school district in which the town lies, and the town could not continue without this help.

Clearly the history of Forest Lawn is not an auspicious one and the result may be seen in the town today in the large proportion of small and, by city requirements, sub-standard houses. The newer houses, constructed since the second world war are by and large of a somehwat better type and consequently are more highly assessed and so carry a high proportion of the tax burden.

SOCIAL CHARACTERISTICS

Forest Lawn is largely a low income dormitory suburb of Calgary although, unlike Bowness and Montgomery, it contains both inside and just outside its southern limits land for potential industrial sites. Some 60% of the residents are estimated to work in Calgary. Many of them have moved in from the depressed coal mining areas, e.g., 50 families moved from Drumheller in recent years. This fact is a useful reminder that the growth of the oil and natural gas industries, like all economic change, has not been without its debit side. In this case, the effect upon the Alberta coal industry has been adverse.

Whereas the population of Forest Lawn had remained almost constant for 10 years before 1951, in the following year it nearly doubled. In about four years from 1950 the population had tripled. Families in 1951 were even

larger than in Bowness, averaging 3.9 persons as compared to 3.7 in Bowness and 3.2 in Calgary. The town had 17.6% of its population 4 years of age or under, and 35.7% were aged 19 or younger; the corresponding figures for the city being 10% and 29%. (Census of 1951.) (It is possible that the average size of family, and the age composition, may be somewhat different today, if very many of the recent immigrants into Forest Lawn have been olders persons.) Wages were also lower, the family wage earner receiving $2,151, compared with $2,521 in the city.

ZONING

The town has a building by-law, but control of building is lax, and there is some evidence that the zoning by-law is outmoded and needs revision. The town is a member of the Calgary District Planning Commission and has made use of its services, for instance in a replotting scheme for the town's industrial area.

MUNICIPAL SERVICES

Lacking a public sewer and water system, the town relies upon wells and septic tanks. As in Bowness, there is the ever present danger of pollution by seepage, and tests have shown that 17 of the existing wells have amoebic bacteria - which may not be serious but is certainly unpleasant. A menace to health also arises because the town is poorly drained. Capital has been spent on pumps, but pumping operations have so far failed to deal adequately with a number of sloughs in the town; drainage or filling-in is needed.

A scheme for piped water from artesian wells, and for a sewage system, has been prepared by consulting engineers. The first stage is designed to serve the western and most heavily settled third of the town. Cost of sewers and sewage disposal plant has been estimated at $229,000; of piped water supply and reservoir at $188,000, or a total of $417,000, of which $170,800 would be "general benefit" and the remainder a "local improvement" charge - an usually high proportion to be charged directly as the owner's share. Cost estimates have not yet been made for the second stage, which should be cheaper because it involves merely extending the facilities of the first stage and will not require, for example, a completely new reservoir and sewage disposal plant.

Whether this independent water and sewer system would be more economical than connecting with the city system is hard to say. Tentative explorations to connect with the city never went very far. The city itself has hitherto

lacked adequate sewage disposal plant, and naturally has felt little obligation to an independent town beyond its boundaries. Partly too, some elements in Forest Lawn entertain plans for expansion and an industrial area which may enable the town to maintain independence. For these and perhaps other reasons the town is proceeding with the installation of its own water and sewer system.

The bylaw for the issue of debentures has been approved by the Board of Public Utility Commissioners, and the proprietary electors have authorized the borrowing. The source of funds is the province, through the Municipal Capital Expenditures Loans Act. The evidence submitted by the town is that the annual cost to each householder of the debenture borrowing, inclusive of water and sewer charges, will be $88.50 although this may be expected to decrease somewhat as the later stages are reached. The installation charge to the householder would be an extra cost. The number of houses in the areas of stage one is 296, of which an estimated 60% will "connect" during the first year. A bylaw is being prepared to compel householders to "hook-up". The town has no other debenture debt, and thus is not yet pressing against its limited borrowing power.

NATURAL GAS

Natural gas is supplied to residents by the Canadian Western Natural Gas Co. Ltd., under an agreement. The average cost to the householder monthly was said to be about $6. The negotiated rate itself is 44 cents per 1,000 cu. ft., as compared with the city rate of 26 cents.

ELECTRICITY

Electricity is retailed by a small local company, the Forest Lawn Power and Light Co. Ltd., which in turn buys its power wholesale from the city of Calgary. The city makes a handsome profit selling electricity at retail, but Forest Lawn lacks this source of civic revenue. The evidence is that the average householder pays $4.50 a month, as compared with $3.20 within the city, and the services which he receives are certainly much inferior to that in the city. Rates may of course be adjusted by the Board of Public Utility Commissioners.

The evidence has clearly disclosed deficiencies in the electricity service. There is some doubt whether the present company has an exclusive franchise, or any kind of franchise, or indeed any statutory authority to

operate. The power lines are not capable of delivering the voltages demanded, and the consumer has frequently been called upon to make capital contributions, for instance, for transformers and poles.

The council has expressed its desire to negotiate an exclusive franchise, either with the city of with Calgary Power Ltd., and has invited the present company to dispose of its assets. The city has shown some interest in buying out the company, but negotiations have not been concluded. (See also Chapter 5.)

TELEPHONES

Telephone service in the town is supplied by rural lines from the city exchange of the Alberta Government Telephones.

PUBLIC TRANSPORT

The Forest Lawn Bus Service operates a limited transport service, with two buses of 24 passenger capacity each, as a kind of feeder line, between the town and 9th Avenue East in the city, from which point passengers use the city system. The fares are 25 cents return, while the passenger must also pay 10 cents each way on the city transit system. Transport costs are thus high for residents of Forest Lawn who work in the city, as most of them do.

FIRE AND POLICE PROTECTION

Fire protection is quite insufficient, and is provided by a volunteer group of 18 firemen, the equipment consisting of a truck with a 650 gallon water tank, and a pump engine. The city services will help in the event of a serious fire, but nothing short of better equipment, permanent firemen, and a piped water supply, can provide the town with anything approaching adequate protection. Police protection is given by two policemen, with an office, a lockup, a telephone, and a prowler car.

GARBAGE

Garbage is collected from homes once a month, and from business firms twice a month. This is quite inadequate, especially in warm weather, and naturally the residents burn garbage in between collections - a practice which is controlled by bylaw within the city. The cost of the garbage collection, which is let out to private contract, is $250 a month. Garbage is dumped in an open field, and occasionally burned.

WELFARE AND PUBLIC HEALTH

Social welfare services are in a rudimentary state. There is a municipal office, but no public hall or community centre. Two areas, recently annexed, are recognized as parks and a parks committee has been formed to plan and care for them; but there are no playgrounds other than a winter skating rink to which the town makes a small contribution. When the city cut off outside patronage for its library, a town library association was formed which receives small matching grants from the provincial government. The nucleus of a public library, largely for children, has been established in the school basement, to which the town gives $100 and the school board $200 annually. The town has no cinema, hotel or beer parlour.

There is a part-time medical officer of health, whose only compensation is $50 a month car allowance for his services. He carries out the necessary well-testing. There is no dental examination for school children, such as the city provides. A hospital agreement was signed with Calgary Hospitals in October, 1954. Householders may now subscribe to the city scheme, and thus obtain the usual "dollar a day" service, at a cost in 1955 to the town of $10,895 or 6 mills.

There are three post offices, but no local mail delivery. Apart from the main highway, roads are generally poor, and only a small fraction have street lighting.

FINANCIAL

Land and improvements are assessed at 100% of their values. A new general assessment comes into force in 1955 (the previous had been in 1950) by which improvements are based upon 1942 values. There is also a small business tax, of 10 mills, for municipal purposes only, based on the floor space (square footage) of business premises. The estimated revenue from this source in 1955 is $1200.

The town is largely residential, lacking any substantial commercial and industrial assessment, which makes up only 17% of the total, and consists mostly of business premises along the highway. The negligible amount of light industry consists of automotive wreckers, agricultural implement repair yards, and a small firm making "concrete steps".

Table 6 which follows gives the assessment data for the town of Forest Lawn.

TABLE 6

TOWN OF FOREST LAWN

ASSESSMENT AND MILL RATE, 1948-55

YEAR	LAND	BUILDINGS & IMPROVEMENTS	TOTAL ASSESSMENT	ASSESSMENT PER CAPITA	MILL RATE
1948	$128,437	$ 368,280	$ 496,717	---	31
1950	229,405	510,680	740,085	740	45
1952	255,725	588,702	844,427	402	48
1954	324,589	931,693	1,256,282	393	58
1955	542,420	1,273,450	1,815,870	509	46

	1954	1955
Residential assessment	$1,045,307 or 83.2%	$1,504,962 or 82.9%
Commercial & industrial assessment	$ 210,975 or 16.8%	$ 310,908 or 17.1%

SOURCE: Compiled from annual reports Department of Municipal Affairs, Exhibits, and town budget.

The town council is aware of the need for industrial assessment if the town is ever to be able to afford normal urban amenities. Accordingly a replotting scheme has been carried out in the south-east part of the town by the Calgary District Planning Commission, an industrial area having been laid out, where highway and rail trackage are available. A potential industrial area also exists in the region of the railway tracks south and outside of the town limits.

An ambitious project for 700 houses, to cost in all about 7 million, together with a shopping centre to cost $1.5 million, is being promoted for the town. Even if it went through however, it would not alter the proportion of residential and industrial assessment, but would make it roughly 82-18 as against the present proportion of 83-17. True, the houses would each no doubt be assessed at rather more than the present average, and the town's borrowing power would be increased, but at the most these advantages could only slightly improve the town's tax position. Forest Lawn, with the low average value of residential assessment, will not prove any exception to the rule that low or medium cost housing cannot support a full range of municipal services at modern standards. Even the cities of Calgary and Edmonton, with around 40% of commercial and industrial assessment rely heavily upon provincial grants.

The tables 7 and 8 which follow give the financial data on the town of Forest Lawn.

TABLE 7

TOWN OF FOREST LAWN

SOURCES OF REVENUE, 1950-55

YEAR	REAL PROPERTY LEVY	%	OTHER SOURCES	%	PRO-VINCIAL GRANTS	%	TOTAL REVENUE	REVENUE PER CAPITA
1950	$33,938	92.0	$ 2,677	7.0	$ 266	1.0	$ 36,881	$36.88
1952	44,429	75.2	7,145	12.0	7,512	12.8	59,086	28.13
1954	69,741	67.0	9,368	9.0	24,958	24.0	104,067	32.52
1955*	90,750	56.0	31,919	20.0	39,278	24.0	161,947	45.39

SOURCE: As for Table 6. * denotes estimates.

TABLE 8

TOWN OF FOREST LAWN

EXPENDITURES BY CLASSES, 1950-55

YEAR	GEN-ERAL ADMIN. $	%	DEBT CHARGES & CAP-ITAL EXPEND. FROM REV-ENUE $	%	WEL-FARE & COMM-UNITY SER-VICES $	%	HEALTH $	%	EDUC. $	%	TOTAL $
1950	9,733	31.1	------	---	1,525	4.9	------	---	20,020	64.0	31,278
1952	26,395	40.9	6,326	9.8	3,387	5.3	5	---	28,357	44.0	64,470
1954	41,529	41.7	9,231	9.3	5,226	5.2	3,681	3.7	40,000	40.1	99,669
1955*	50,690	33.3	34,851	22.8	11,150	7.3	23,900	15.7	31,825	20.9	152,416

SOURCE: As for Table 6. * denotes estimates.

The reliance on provincial grants for town revenue is obvious, and so too is the reduction in mill rate in 1955 from 58 to 46 - made possible chiefly by increased grants for both municipal and school purposes. The grants, combined with some rise in assessment per capita in 1955, have enabled the town to spend more, even with the reduced mill rate.

4. The Bow River School District

Schools in Forest Lawn come under the jurisdiction of the Bow River School District No. 1059. The area of the school district is not identical with that of the town, but is somewhat larger, taking in also some areas nearby which until 1955 were in the municipal district of Conrich, but are now in the large Calgary Rural Municipal District No. 44. Of the total requisition of $46,519 in 1954, the town's share was $40,000; in 1955 when the total requisition fell

to $38,038, the town's share was $31,825, the remainder being drawn on the municipal district.

There are seven public schools, the largest - the David Oughton School - comprising nine rooms, to which a further eight rooms are at present being added. Three of the schools consist of one room, in rented premises, each requiring separate upkeep including janitor service. An amalgamation of some of these schools is likely to bring economies of overhead expenses, and improve the physical facilities. Classes are overcrowded, the average being 42 pupils, as against the recognized average of 30 to 35. The rapid growth of school population is shown by the fact that eight school rooms were built in 1953, and another eight in 1954. Nevertheless school population has not increased as fast as the total population. The total has tripled since 1951 whereas pupils have increased only from 443 to 712.

No teaching is conducted beyond Grade IX, so that for the senior grades pupils are forced to go to schools in the city, for which the school district pays the usual tuition fees. In 1954 the number of such pupils in city public schools was 48. In addition 40 other children in lower grades which the town schools could not accommodate also went to public schools in Calgary. The estimated expenditure for tuition fees for 1955 is $10,000.

Table 9 below gives financial data on schools.

TABLE 9

BOW RIVER SCHOOL DISTRICT NO. 1059

YEAR	SCHOOL POPUL-ATION	SCHOOL ASSESS-MENT $	SCHOOL REQUI-SITION $	GOVERN-MENT GRANTS (OPERAT-IONAL) $	TOTAL COST (EXPEND-ITURE) $	COST PER PUPIL $
1948 ...	310 ..	664,567 ...	16,000	7,567	25,495	82
1950 ...	418 ..	747,764 ...	27,618	15,476	40,562	97
1952 ...	462 ..	1,025,445 ...	36,000	26,311	59,970	130
1954 ...	646 ..	1,160,890 ...	46,519	51,171	107,498	166
1955 ...	712 ..	1,501,717 ...	38,038	105,835	143,874	202

SOURCE: Compiled from annual report, Department of Education, and school district budgets. Some $232,000 of school assessment is outside the town.

The average cost per pupil is rising as school facilities are improving, e.g., a domestic science and shop building and an auditorium are being built, and this will further raise per pupil costs.

Whereas in 1948 provincial grants formed about a third of total operating

school costs, in 1954 they amounted to nearly half, and in 1955 to 74% or $105,835 out of a total of $143,874. The school board expenditure, at $143,874 for 1955, is very nearly as much as that of the town council at $152,416. Debt charges of the school board were $9,935 in 1954, and $15,602 in 1955. The burden of the school costs on the town, and the town's relative poverty, may also be seen from the facts that of the mill rate of 58 in 1954 the school share was 40. The total mill rate has come down to 46 in 1955 and the school mill rate to 25, since the requisition was reduced owing to increased school grants.

Table 10 below compares the total real property levy with school costs.

TABLE 10

REAL PROPERTY LEVY & SCHOOL COSTS

FOREST LAWN - 1948-55

YEAR	TOTAL PROPERTY LEVY OF TOWN $	TOTAL SCHOOL COSTS $	PROPERTY LEVY AS % OF SCHOOL COSTS
1948	15,914	25,495	62
1950	33,938	40,562	84
1952	44,429	59,970	74
1954	69,741	107,498	65
1955	90,750	143,874	63

SOURCE: Compiled from Tables 7 and 9. Note: A small adjustment would be necessary to take care of the fact that the school district boundaries are a little larger than those of the town.

We may observe, from the above table, how inadequate the real property levy is to support the total school costs, to say nothing of municipal services. Forest Lawn is slightly better off in this respect than Bowness however, in that the commercial and industrial assessment is somewhat higher at 17% of the total, and so the tax base is correspondingly broader. Yet the entire property levy - if devoted wholly to schools - would in 1955 pay only 63% of school costs.

PROSPECTS

There is every likelihood that, if left alone, the town will continue to grow in population, absorbing the low income overspill from the city. In fact, it is more likely to grow faster in the future than in the past, as Bowness and Montgomery became filled up. Unlike these last two, Forest Lawn has almost indefinite space in which to expand, by annexation of rural land from the adjoining municipal district.

Unlike Bowness and Montgomery too, there is a possibility that the town may be able to secure some industrial assessment. But the possibility

cannot be called a probability, and for that reason there is every prospect that tax bills will inevitably rise as public pressure accumulates for more services. The sewer and water system in 1955 becomes a charge upon residents, while a levy of 6 mills for the hospital scheme also appeared for the first time. Other utilities will in time be demanded. The mill rate has risen from 45 in 1950 to 58 in 1954, and the decline to 46 in 1955 was only made possible by the new school grants. Since the tax base is not broadening appreciably, provincial grants will continue to be required, perhaps at an even higher rate than at present; or, in the alternative, the rate of taxation will rise.

In view of all this, it is no wonder that there is a strong sentiment in the town in favour of amalgamation with the city.

5. Hamlet of Montgomery

LOCATION

The compact community of Montgomery is situated a half mile west of the city limits, and in between is a large gravel pit. On the south and west the hamlet is bounded by the Bow River, and on the north by hills. Approximately 80 acres in the north, now surveyed into 125 lots (for sale at $600 each) have not as yet been built up, but this is all the space left for expansion except for a tract of land to the south, between the Bowness Road and the river, which is owned by the city and used at present as a playground for children of the hamlet.

The hamlet is administered by the Department of Municipal Affairs, formerly as part of a larger local Improvement District but from 1955 as Improvement District No. 46 in its own right. In 1955 a small group in the hamlet applied for the status of a village but opinion is divided on the matter with a majority almost certainly against. The application is being held in abeyance by the Department pending the Report of this Commission. The absence of incorporation has an incidental disadvantage. There are no census or other statistics available which segregate data for the hamlet from data for the rest of the rural Improvement District. For that reason statistics are meagre.

HISTORY AND SOCIAL CHARACTERISTICS

In 1947 there were approximately 60 houses in Montgomery. From then until 1951, over a four year period, approximately 500 houses were built. Since then the total has risen to 1069.

The 1954 population was estimated at approximately 4,200 (1,918 children, 2,251 adults), to give the high average of 3.9 persons for each dwelling. The estimate for 1955 is 4,250 persons.

The average annual income of the chief wage earner in each household was said by a citizens' committee to be considerably higher than in Bowness, or than in the city, but other evidence does not confirm that estimate. Of the total families 71% are said to possess an automobile.

About 95% of the workers are employed in Calgary, and the evidence indicates that the same proportion of the money spent by the inhabitants of Montgomery is spent in the city. The hamlet is thus a dormitory suburb for the city and has grown up almost entirely since 1947. There are only a few small stores, three garages, one lumber yard, one clothing store and a dry cleaner's office, and a crematorium - the only one in Alberta.

HOUSING AND SANITATION

The information on housing is derived from a questionnaire circulated by a citizens' committee in 1954. The average value of the dwellings, 35% of which are owner built, was estimated at $5,453. The average age of the dwellings was under four years, all being single family dwellings. Some 71% were complete, 29% incomplete, while 63% were under 720 sq. ft. in floor area. Of these houses, approximately two-thirds had a surface foundation while the remainder had a full basement. The majority are four room dwellings containing two bedrooms, and 89% have provided allowance for bathroom space in anticipation of sewer and water. Full plumbing was said to be installed, in 63 houses, but 160 have services in their kitchen only, and 62 have a completed bathroom; 81 reported having septic tanks, 306 have chemical toilets and 326 have outside inconveniences. Of 611 reporting on the questionnaire, 241 listed private wells, 174 draw their supply from community wells, 129 have water delivered, and 67 have piped water either from their own or a community well.

An engineering report has been obtained on the cost and feasibility of the installation of a water supply and sewage disposal system, which stated that on grounds of economy it would be preferable to connect the hamlet with the city system. The capital cost estimate for the water supply was $425,000, for the sewer system $270,000, or $695,000 in all.

Should a public sewer and water system be installed, Montgomery householders will face a problem common to many fringe communities, in that an

estimated one-third of the houses are said to be below the standard required for sewer and water service.

MUNICIPAL SERVICES

The hamlet is fortunately on the main highway from Calgary to Bowness, and so residents make use of the city transit service to and from Bowness.

A volunteer fire department was founded in 1951, and is manned by twenty-four volunteers plus a chief and deputy chief. The equipment is grossly inadequate and has been accumulated by donations from the province and the public. The lack of proper equipment and a piped water supply means that fire protection is below standard.

The streets and avenues of Montgomery are approximately eighty percent class "A" gravelled roads with good ditches and culverts. The main highway, which traverses the hamlet from east to west is a four lane hard-surfaced highway in excellent condition, maintained by the provincial government. Some complaints were voiced in evidence that road maintenance approximately twice a year is not enough; and that some form of permanent maintenance is needed for the more serious conditions as they arise. Until 1954 some $39 a month was spent on street lighting, after which the amount was raised to $114.

Montgomery is policed by the Royal Canadian Mounted Police, with headquarters several miles away, in central Calgary. There is some evidence that the inhabitants desire on-the-spot protection which at present is lacking.

There is a post office, centrally located, but no delivery service. Garbage removal costs $3,000 a year. Electricity is supplied by the city of Calgary at the usual 25% addition to city rates. Natural gas is supplied by the Canadian Western Natural Gas Company Ltd.

The "dollar a day" hospital scheme is in force in the area, and the hamlet is also (like Bowness), within the Mountain View Health Unit.

FINANCES

Montgomery has almost no industrial or commercial assessment, although taxes for school purposes only are obtained from the gravel plant and the drive-in-theatre, east of the present boundary line. The assessment base year is 1942, less an isolation factor of 10%.

Most of the tax levy goes for school purposes, the total mill rate in 1954 being 45.71 of which municipal purposes make up 13, hospitalization 2.71,

while schools required the remaining 30 mills; but in 1955 the mill rate was 41.

Assessment per capita in 1955 was $433 and the tax levy per capita $19.66. Tables 11 and 12 below give the financial data in rather more detail although it should be noted that some of the figures are estimates only.

TABLE 11

HAMLET OF MONTGOMERY

ASSESSMENT AND MILL RATE, 1950-55.

YEAR	LAND	BUILDINGS & IMPROVEMENTS	TOTAL ASSESSMENT	ASSESSMENT PER CAPITA	MILL RATE
1950	$ 57,185	$ 198,280	$ 255,465	182	49
1952	63,245	591,220	654,465	270	40.86
1954	101,155	1,198,175	1,299,330	309	45.71
1955	412,425	1,427,950	1,840,375	433	41

SOURCE: Compiled from data supplied by the Department of Municipal Affairs.

TABLE 12

HAMLET OF MONTGOMERY (SCHOOL DISTRICT NO. 4967)

LEVIES FOR VARIOUS PURPOSES, 1950-55

YEAR	MUNI-CIPAL	%	SCHOOL	%	HOSPITAL	%	TOTAL	LEVY PER CAPITA
1950	3,338	24.5	10,293	75.5	nil	---	13,631	9.74
1952	5,587	19.6	20,952	73.4	1,997	7.0	28,536	11.78
1954	17,848	28.4	41,188	65.6	3,720	6.0	62,756	14.94
1955	24,456	29.3	50,783	60.8	8,314	9.9	83,553	19.66

SOURCE: Compiled from data supplied by Department of Municipal Affairs and estimates. Note that the school district is slightly larger than the hamlet.

6. The Montgomery School District

Children of Montgomery attend schools in the Montgomery School District #4967, which until this year was known as the Shouldice Terrace School District. The school district boundaries are slightly larger than those of the hamlet, and take in all of Sections 24, 25, and 26 whereas the hamlet includes only part of the last two sections. Most of the financial figures given below are for the school district and hence are only approximate for the slightly smaller hamlet.

There are three schools, of respectively 6, 9 and 10 rooms. No schooling is given beyond Grade IX, the pupils in higher grades attending schools in Calgary both private and public. Before the nine room school was built in 1954, it was found necessary to go outside Montgomery's boundaries to acquire

land from Standard Gravel and Surfacing Co. Ltd. The land is adjacent to the gravel crushing plant, but no other land was available. At present on one block there are sixteen classrooms of one-storey construction, and one auditorium. This does not leave sufficient room remaining for recreational purposes for five hundred students. There is a shortage both of school rooms and space for building.

The number of pupils has risen sharply, and so too have school costs, as may be seen from Table 13 below.

TABLE 13

YEAR	SCHOOL POPUL-ATION	SCHOOL ASSESS-MENT	SCHOOL REQUI-SITION	GOVERN-MENT GRANTS (OPERAT-IONAL)	TOTAL COST (EXPEND-ITURE)	COST PER PUPIL
		$	$	$	$	$
1950 ...	202 ...	278,190 ...	10,500	7,900	17,495 ...	86.60
1952 ...	524 ...	698,405 ...	24,500	15,427	54,000 ...	103.00
1954 ...	697 ...	1,372,960 ...	50,000	46,841	89,000 ...	127.69
1955 ...	781x...	1,840,375 ...	48,201	90,533	141,000 ...	180.54

SOURCE: Compiled from Department of Education figures and Exhibits given in evidence. Note that the assessment is slightly more than that for the hamlet. x denotes estimated.

Total assessment within the school district in 1955 was $1,840,375 having grown from $278,190 in 1950. The debenture debt of the school district has grown from $42,000 in 1951 to $277,100 in December, 1954. The source of capital funds has been the province, under the facilities of the School Borrowing Assistance Act. The debt charges for 1955 are estimated at $26,600. Of the total current school revenue in 1954 of $96,841, some 51.6% was raised by taxes (requisition) in the school district area, and in 1955 was 34.7%. Provincial grants made up the remainder of the revenue. Put another way, grants accounted for two-thirds of the operating revenue, and taxes for only one-third. The entire property levy in 1954 was only 71% of school costs, and in 1955 only 59%. See Table 14 below.

TABLE 14

REAL PROPERTY LEVY & SCHOOL COSTS

MONTGOMERY SCHOOL DISTRICT, 1950-55

YEAR	TOTAL PROPERTY LEVY OF TOWN	TOTAL SCHOOL COSTS	PROPERTY LEVY AS % SCHOOL COSTS
	$	$	
1950	13,631	17,495	78%
1952	28,536	54,000	53%
1954	62,756	89,000	71%
1955	83,553	141,000	59%

SOURCE: Tables 12 and 13.

PROSPECTS

The prospects of the hamlet are not bright if it were to incorporate as a village or town, and the great majority of residents are against such a course. Expansion, to more than a negligible extent, is impossible. Nor is there any hope of industrial assessment.

7. "Glenmore". Division 8 of the Municipal District of Calgary #40 (formerly known as Division 1 of the Municipal District of Springbank).

The rural municipal districts around the city of Calgary were, as of January 1st, 1955 amalgamated into one large rural municipality - the municipal district of Calgary No. 44. The area which was formerly Division 1 of the municipal district of Springbank, is now Division 8 of the enlarged municipal district.

The Division is situated entirely within Township 23, Range 1, West of the 5th Meridian. It consists of a piece of land approximately 19½ square miles in area, directly south of the city of Calgary. Its northern boundary is the southern limits of the city, on the west is the Sarcee Indian Reserve, on the south lie the northern limits of the municipal district of Foothills, and on the east the Bow River. It contains the Glenmore reservoir which is the city's water supply.

It is thus isolated from the rest of the municipal district of which it forms a part. Communication is by road through the city. The geographic isolation of the area led the municipal district to station some road and snow removal machinery permanently in the Division, and led also to the formation of a school district for the area. From 1939 until 1953, the area had been administered for school purposes by the Calgary School Division No. 41, the area forming in fact a "quasi-urban" portion of a predominantly rural school division. The area of the school district was approximately 25 sq. miles, and so was somewhat larger than the former Division No. 1, but in 1955 the two were made co-terminous.

The Division has some industry - chiefly the nitrogen and ammonia plant of the Consolidated Mining and Smelting Co. of Canada Ltd., - and the two hamlets of Lincoln Park and Kingsland. There is also a number of large "suburban estates" of 20 acres or more, and much agricultural land. The average acreage per taxpayer is 11 acres, excluding the Burns Estate of 2,200

acres. The proposed Elbow Valley development south of the city lies wholly within the Division. There were in 1954, 223 ratepayers and a total population of 1,277 or thereabouts, with 159 school children on some 375 to 400 parcels of land. An estimated 30% of the industrial employees live in the Division.

Through the municipal district the Division is within the Calgary Rural Hospital District #63. There are no municipal utilities or services other than roads, but the residents are served by electricity from the city system, and by telephone from the Alberta Government Telephones and by gas from the Canadian Western Natural Gas Co. Ltd.

The municipal mill rate in 1954, was 21, the school rate 21, but the most noticeable feature of the Division's finance is that 64.5% of the assessment is industrial - made up chiefly of the nitrogen plant already mentioned, ($1.2 million.)

	Assessment - 1953	Percentage of Total Assessment
Industrial and Commercial	$1,694,970	64.5
"Suburban"	738,365	28.1
Agricultural	196,019	7.4
TOTAL	$2,629,354	100.0

The assessment for 1955 is very little changed, and gives a per capita figure of $2,022. The School requisition in 1953 was $50,000, the hospital levy $3,500 and the municipal revenue $44,395, to a total tax levy of $94,395, produced by 36 mills.

The 159 pupils attend the two schools, of 6 rooms in all, within Glenmore School District. High school students attend schools in the city at the usual rate of $175 per pupil, while young children from Lincoln Park also attend in the city at the lower fees for other pupils.

The first preference of residents in the Division is to incorporate the combined unit, of the school district and municipal division, as some type of independent municipality. Failing this, the second preference was for annexation by the city, a fate which was regarded as inevitable in any case over the next few years. The municipal district had no objection to either course.

There is little doubt, from the estimates presented to the Commission, that the unit could be self-supporting, given its present population, tax base,

and low demand for municipal services. A change in any of these factors, however, could alter the financial position greatly in a short time.

The city has applied to the Board of Public Utility Commissioners for annexation of the 19½ sq. miles, but the application is at present held in abeyance. In any case, the Division lies within the area which the city has proposed, before this Commission, should be annexed by the city. The council of the municipal district of Springbank had expressed its willingness that the area be annexed and there is no opposition from the new large municipal district.

It will be seen that the Division presents few of the problems found in the other fringe communities adjoining Calgary. It is well-to-do, the per capita assessment is high, and apart from the small hamlets the density of population is low. In some respects it resembles that part of the municipal district of Strathcona which adjoins the city of Edmonton: there is a high proportion of industrial assessment, a low density of population, and mill rate is comparatively low, and school financing easily manageable. There is one notable difference, however, in that the council of the municipal district in which the Division lies, and the residents in the Division themselves, are willing that the territory should be annexed by the city.

PART II - EDMONTON AREA

1. TOWN OF BEVERLY

LOCATION

The town of Beverly is situated just outside the north-eastern limits of the city of Edmonton, lying in a pocket of land between the city and the North Saskatchewan River. Its southern boundary is the river; its western 50th street, which separates city from town; its northern boundary angles eastward from 50th Street to the line dividing ranges 23 and 24 which, in turn, forms the eastern boundary. The town is roughly rectangular, and contains about 823 acres. The northern part of the town encompases the C.N.R. railway tracks and yards. All the land immediately outside the town, in the new municipal district of Sturgeon River, is zoned as inner or "A" zone greenbelt. Because of the bridge across the river to the east, a good part of the traffic to and from the city on Highway No. 16 traverses the town.

HISTORY

Beverly became a town in 1913, its economic raison de'etre being coal mining. As a mining town the residential assessment per building was low, and many houses were small mining cottages. The mines closed down in 1952, with little prospect of their being reopened in the foreseeable future. One result of the extensive mining, which was often shallow, is that parts of the town are seriously undermined and subject to subsidence. For that reason substantial buildings, say of an industrial nature, cannot be permitted in certain areas.

For a long time Beverly was something of a quiet backwater. The population remained almost stationary, at slightly more than 1,000 through the 1920's but declined to less than 1,000 during the great depression. It had about recovered to its earlier figure by 1946, when the population was 1,171, after which the impact of oil and the expansion of Edmonton led to a rapid growth. By 1951 the population was 2,159, and by 1954 3,600. The increase in the one year from 1953 to 1954 was 21%.

The town is now essentially a low-income dormitory suburb for workers in the city and, to a lesser extent, in the industrial area of Strathcona M.D. Beverly is, in fact, the nearest urban residential district to that part of the Strathcona industrial area in which the Canadian Chemical Company Ltd. is located.

A check made in the Beverly schools in 1954 showed that of 1,013 heads of families their places of work were as follows:-

In Edmonton	682
In Strathcona	104
In Beverly	153
Elsewhere or unemployed	74
Total	1,013

SOURCE: Exhibit 99E. The figures do not agree with other estimates before the Commission.

The town's finances and government have a chequered history. During the depression the town's affairs were run by a provincial administrator, but in 1947 self-government was restored to an elected council which has carried on since. The council consists of a mayor and the usual number of six councillors. The permanent employees are 5 policemen, one grader-man, two men in sewer and water services, and three office employees.

In school matters the situation has been less happy. In April, 1952, the ratepayers failed to support the school board's money by-law for new schools, whereupon the board resigned and since then the schools have been run by an official trustee appointed by the province.

SOCIAL CHARACTERISTICS

Families are larger than in the city of Edmonton, averaging 3.8 persons as against 3.3 in Edmonton. Incomes are definitely lower, the median earnings of family heads being $2,030 as against $2,468 in Edmonton. Not one census tract in the city has such low median earnings as Beverly. (Census of 1951).

Housing is on the whole lower in quality, smaller and more crowded than in the city. Nearly all dwellings are single-detached, but the proportion which is owner-occupied is about the same as in the city. This is an unusual feature in a fringe community of Edmonton or Calgary, where there is commonly very little rental accommodation. Where houses are rented, the median rent is $27 as compared with $42 in the city. (Census of 1951). Many of the miners' cottages still remain.

The town has been zoned since 1946, and now has a building code adapted from the code suggested by the province for small towns. The land zoned for industry is privately owned, but industry has not come in, and so the owners are anxious to sell for residential purposes. If this were permitted however, the present high ratio of residential to commercial and industrial assessment

would be worsened. The town is a member of the Edmonton District Planning Commission.

MUNICIPAL SERVICES

Municipal services are generally poor or lacking, and where utilities are available they cost more than in the city.

SEWER AND WATER

Water was delivered by tank truck until 1952, but is now obtained from the city at 35% over city rates. The Beverly water system is linked with that of Edmonton, but the sewage disposal system is independent. Capital borrowing for the system was $513,000 in 1953, and a further $175,000 is being borrowed for extensions to the system in 1955.

NATURAL GAS

Since 1947, natural gas has been supplied to the town by Northwestern Utilities Ltd., the same company which supplies residents in the city. Rates are higher than in the city. A levy is made by the town of Beverly of 5% on the gross receipts of the company from the town, an arrangement that applies also in Jasper Place, but not in the Municipal District of Strathcona. There is no plant tax in Beverly, Jasper Place, or in the municipal districts.

ELECTRICITY

Electricity is supplied by Calgary Power Ltd., under a franchise agreement of April, 1946, which runs for 10 years, and is authorized by Town By-law No. 447. At that time the town was still under an official administrator. Rates are those customary in small towns, i.e., they are higher than city rates.

PUBLIC TRANSPORT

Passenger transport from Beverly to the Union Bus Depot, Edmonton, is provided by a small local company, Beverly Bus Lines Ltd., under a certificate from the Highway Traffic Board, and by an understanding with the city. There is a 20 minute service in peak hours and a 45 minute service for the rest of an 18 hour day. Four buses are used at rush hours. In recent years the service has been extended a few miles east of Beverly to Clover Bar on Highway No. 16.

FIRE AND POLICE PROTECTION

Fire protection is afforded by the town policemen, assisted by a small volunteer fire brigade, equipped with a new fire engine and pump. Police protection is furnished by 5 policemen. With the opening of the bridge across the river to Highway No. 16, the heavier traffic has increased considerably the costs of traffic control, for policemen and traffic lights, as well as raising road costs.

WELFARE

Applications for direct financial assistance by individuals are received at the Town Office, and looked after by a councillor. There are no special town services provided for the elderly. Child welfare cases are investigated by a police officer, and then turned over to the Province. Juvenile delinquency cases are heard in the Magistrate's Court; there are no detention facilities.

The town participates in the "dollar-a-day" hospital scheme, making use of the hospitals in Edmonton; and is a member of the district health unit. There is no public recreation programme.

MISCELLANEOUS

There is a twice monthly garbage collection, let out on contract. Telephone services are provided by the City Telephone System.

The paved provincial highway No. 16 runs through the town for a distance of $1\frac{1}{2}$ miles. For the rest, the town has about 8 miles of roads which are gravelled, the remainder being unimproved dirt roads. There are few sidewalks, and street lighting is not extensive.

FINANCES

The finances of the town have historically been stringent, not to say desperate. Until 1951 the assessment base was almost entirely residential, but in that year an annexation order placed a creosoting plant within the town (it had formerly been in the M.D. of Sturgeon), and this added some $200,000 of industrial assessment. In 1955 it was $343,000.

There is some hope of further industrial development, since the main line of the C.N.R. runs through the northern part of the town, the proposed ring road for the district will run near the town, and the area is downwind and downstream from Edmonton. There is also, theoretically some room for expansion -

between the town and the river to the east - but it would mean upsetting the present greenbelt zoning now in effect for that area.

The total assessment in 1954 was $2.28 million, of which less than half a million was for combined industrial and commercial. The commercial assessment consists of small businesses of various kinds, since most of the major shopping is done in the city. Until recently there was not even a bank in the town.

Land and buildings are both assessed at 100% of fair actual value, the base year for building values being 1942. A personal property tax was formerly imposed, but was abolished in 1950, the small revenue it yielded being less than the cost of collection. The town has a small business tax, which yielded $4025 in 1954, and is levied on a floor space basis.

Table 15 below gives details of the town's assessment and mill rate.

TABLE 15

TOWN OF BEVERLY
ASSESSMENT AND MILL RATE, 1948-55.

YEAR	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ASSESSMENT PER CAPITA	MILL RATE
1948	$251,235	$ 223,414	$ 474,649	351	54
1950	263,507	313,264	576,771	303	53
1952	465,570	1,151,140	1,616,710	703	50
1954	511,380	1,773,330	2,284,710	634	55
1955	662,380	2,216,600	2,878,980	718	45

	1955
Residential Assessment	1,938,060 or 67.3%
Commercial & Industrial Assessment	940,920 or 32.7%

SOURCE: Compiled from annual reports and data from Department of Municipal Affairs.

The school requisition in 1954 at 52% of the total real property levy, has been even higher in the past. For instance, in 1951 when a new school was built, the mill rate was 77 of which 49 was for school, and the school requisition was 62.7% of the tax levy. The tax reduction subsidy for schools has meant a decrease in the requisition and in the school mill rate to 27½ for 1955.

Table 16 below shows the town's debenture debt, which was negligible until the water supply and sewage system were begun recently.

TABLE 16

TOWN OF BEVERLY
DEBENTURE DEBT, 1952-1955.

YEAR	TOTAL	PER CAPITA
1952	1,032	.45
1954	512,265	142.29
1955	686,999	171.40

SOURCE: Data supplied by town.

Table 17 below shows the town's revenues, by classes, for 1950-55.

TABLE 17

TOWN OF BEVERLY
SOURCES OF REVENUE, 1950-1955.

YEAR	REAL PROPERTY LEVY	%	OTHER SOURCES	%	GRANTS	%	TOTAL REVENUE	REVENUE PER CAPITA
1950	$ 30,097	85.7	$ 5,001	14.3	$ ----	----	$ 35,099	18.47
1952	81,267	77.8	7,473	7.1	15,738	15.1	104,478	45.43
1954	126,378	53.9	75,492	32.2	32,564	13.9	234,434	65.12
1955*	106,969	47.1	66,350	29.2	53,850	23.7	227,169	56.68

SOURCE: Annual reports - Department of Municipal Affairs, Financial Statements, and town budget. * denotes estimates.

TABLE 18

TOWN OF BEVERLY
EXPENDITURES BY CLASSES, 1950-1955.

YEAR	GEN. ADMIN.	%	DEBT CHARGES AND CAPITAL EXPENDITURE FROM REVENUE	%	PUBLIC WELFARE & COMMUNITY SERVICES	%	HEALTH	%	EDUC.	%	TOTAL
	$		$		$		$		$		$
1950	11,705	27.8	8,609	20.5	3,042	7.2	1,245	3.0	17,463	41.5	42,067
1952	35,225	41.4	4,087	4.8	6,186	7.3	3,605	4.2	36,054	42.3	85,158
1954	66,380	35.2	39,798	21.1	3,295	1.7	13,759	7.3	65,337	34.7	188,569
1955	81,989	36.1	33,701	14.8	16,150	7.1	32,500	14.3	62,829	27.7	227,169

SOURCE: As for Table 17.

The financial position of the town, in short is the familiar one, of medium to low cost properties, with the municipal services meagre. Beverly has however - from 1955 - an unusually high proportion of commercial and industrial assessment, and this together with the school tax reduction subsidy, resulted in a lower mill rate for the year.

2. BEVERLY SCHOOL DISTRICT

Schools in the town are in Beverly School District No. 2292, and since April 1952 have been run by an Official Trustee appointed by the province. A small portion of territory outside the town to the east, in the municipal district of Sturgeon River, is also in the Beverly School District, its 1954 school assessment being $111,890.

There are 21 teachers, 4 buildings and 21 classrooms. Teachers salary schedules are somewhat lower than in Edmonton and in most of the school divisions in the province. Of the 4 buildings, one is of poor quality, consisting of a converted church building. One is fair, and two others, of 6 rooms each are excellent, having been built in 1953 and 1954. Four more rooms are needed for 1955-56. Enrolment has risen from 604 in 1952 to 882 in 1955. School debt outstanding is $342,000. Debentures when sold on the open market, pay interest at 4½ - 4 3/4%.

Only academic subjects are taught. The schools cannot afford shop, commercial and other training. There is no high school, although a central site is held, but 115 senior high school pupils are sent to Edmonton schools, both public and separate. The Beverly Bus Lines is paid a subsidy of $100 a month for 10 months a year to carry the students to and from Edmonton. The children themselves pay a five cent fare besides. Diagnostic health services to pupils, and other children, are provided through the Sturgeon Health Unit.

Table 19 below shows the financial position of the school district.

TABLE 19

BEVERLY SCHOOL DISTRICT No. 2292.

YEAR	SCHOOL POPULATION	SCHOOL ASSESSMENT	SCHOOL REQUISITION	GOVERNMENT GRANTS (operational)	TOTAL COST (Grants & Requisition)	COST PER PUPIL
1952	604	1,057,690	37,591	24,097	61,688	102
1953	729	1,679,730	50,392	28,755	79,147	109
1954	835	1,944,170	69,327	28,793	98,120	118
1955*	882	2,415,000	64,100	80,425	144,525	164

SOURCE: Exhibits and Department of Education. Note that school assessment is the municipal assessment (town and outside combined) of the year before.
* denotes estimate.

The table below shows the town's property levy as compared with school district revenue.

TABLE 20

REAL PROPERTY LEVY AND SCHOOL COSTS, BEVERLY - 1950-55.

YEAR	REAL PROPERTY LEVY	SCHOOL COSTS (Grants & Requisition)	PROPERTY LEVY AS % OF SCHOOL COSTS
1950	30,097	28,629	105%
1952	81,267	61,688	132%
1954	126,378	98,120	129%
1955	106,969	144,525	74%

SOURCE: Compiled from Tables 17 and 19.

The over-all cost per pupil was $118 before the new schools were built and debt charges arose, after which it was $164.

The school district finances are in considerably better shape than those of the town, not only because of more efficient administration, but also because provincial grants, for both capital and operation, can be relied upon to maintain school standards. Ordinary municipal services have no such guarantee.

PROSPECTS

Despite the somewhat wider tax base in 1955, there can be no doubt about Beverly's serious financial position, it was recognized by the council in 1951 when the mill rate was 77, and a request was made of the government for a special emergency grant. It is reflected also in the fact that an Official Trustee and not an elected school board, operates the schools. Moreover, the ratepayers "have refused the election of a Board at every appeal for the last two years." If the town continues as a separate political unit, then unless substantial industry comes into the town large provincial grants for both municipal and school purposes will always be required.

3. JASPER PLACE

LOCATION

The town of Jasper Place adjoins Edmonton on the west, the common boundary between the two being 149th Street. The west boundary of Jasper Place is 170th Street. In the south, part of the town extends as far as the river, and part as far as 83rd Avenue. In the north the boundary is at 118th Avenue. The town

is a rough rectangle of $6\frac{1}{2}$ square miles or 4,030 acres. Provincial Highway No. 16 west to Jasper National Park crosses the town and the main business district is along this highway.

HISTORY

The area originally was part of the municipal district of Stony Plain. During the depression years many people moved into the area where taxation and living costs were at that time lower than in the city. In this period there was little planning, and public utilities, except electricity, were noticeable by their absence. With the discovery of oil in central and northern Alberta and the resulting rapid expansion of the city of Edmonton, people poured into Jasper Place, causing it to expand at an extrordinarily rapid rate from 7,100 in 1950 to 13,594 in 1955.

New residential areas sprang up, a business section developed, and plans were made for industrial and warehousing projects. On the 1st of January, 1950, the area was formed into a village, and on November 6th, 1950, the present town was incorporated, with a mayor and six councillors. It is now the largest town in Alberta, and as a matter of fact is larger than half of the eight cities. Since the incorporation of the town, the council has been hard pressed to provide proper education facilities, public works, and social services, and has recently embarked on the construction of a sewer and water system which is in its second stage. There are 26 town employees, including eight policemen and eight administrative staff, the rest being employed on public works.

SOCIAL CHARACTERISTICS

Families, averaging 3.8 persons, are larger than in Edmonton. The median earnings of the family heads are $2,206, compared with $2,468 in Edmonton. Houses tend to be smaller, more crowded, and many still lack services. (See Chapter 4 for housing in Jasper Place).

The Census of 1951 showed there are 2,355 dwellings, but the 1953 town census showed 2,926, and 111 commercial establishments, and according to the 1954 town census there are 3,327 dwelling units and 131 commercial buildings. The town is, for the greater part, a dormitory suburb for Edmonton.

SEWER AND WATER

The town is now in the second stage of a large sewer and water supply

development, and has under consideration a five-year plan which, if completed, will bring sewer and water services to all but the sparsely populated areas. By reason of the fact that Jasper Place is upstream from Edmonton, the only feasible system of sewage disposal is through the Edmonton sewer system into the North Saskatchewan River. Water is purchased from the city at 35% over city rates, and sewage discharged into the city sewers. These arrangements are carried out under contracts with the city of Edmonton. As with so many other metropolitan areas in Canada and elsewhere, the Edmonton area is bound together tightly by its needs for water supply and sewage disposal. The sewer system at present is all by gravity, but pumping will be needed for the extensions. The storm sewers must also be integrated with the city. The town water supply has hitherto been chiefly provided by water trucks which sold water from door to door, while outdoor privies and chemical toilets have substituted for a sewer system.

NATURAL GAS

Natural gas is supplied by Northwestern Utilities, Ltd., under a franchise by which the company pays the town 5% of gross receipts. There is no plant tax. Rates are the same as in the city.

ELECTRICITY

Electricity is provided by Calgary Power Ltd., under a franchise agreement. The city of Edmonton in 1944 sold the company a small distribution system serving Jasper Place. For 1955 the tax rate upon the company's distribution lines is 10 mills.

PUBLIC TRANSPORT

Jasper Place is served by a private bus line, Diamond Bus Lines Ltd., which picks up passengers within the town of Jasper Place and transports them to the business area of Edmonton. The transportation charge is higher than that of the City Transit System, but even so is not a very profitable operation for the company.

FIRE AND POLICE PROTECTION

The town has its own police force of eight. There is a volunteer fire brigade of 15 under a captain. By an arrangement with the city, the city fire brigade will come on call to Jasper Place.

ROADS

The town has $3\frac{1}{2}$ miles of paved roads (provincial highway), $34\frac{1}{2}$ miles of gravelled roads, $20\frac{1}{2}$ miles of improved earth, and 29 other, to a total of $87\frac{1}{2}$ miles. There are 320 street lights. Sidewalks are few.

TELEPHONE

Telephone service is provided by the Alberta Government Telephones to 1,435 domestic subscribers and 288 business subscribers.

WELFARE

Jasper Place has a welfare Officer who reviews all applications for aid. The population is young, and the problem of the aged is, as yet, small. The welfare officer also investigates child welfare cases before handing them over to the province. The town has two part-time guidance officers for probation and preventive work with juveniles. There are no detention facilities.

Jasper Place has a recreation programme set up in 1954 - the administration of which is not yet settled. A sum of $11,000 has been set aside for such items as rinks and playgrounds. There are three community leagues. The first public park - Jubilee Park - was officially opened in September, 1955.

HOSPITAL SERVICE

Until 1955 Jasper Place did not participate in the "dollar-a-day" hospital scheme, and residents entering a hospital (except in emergencies) had to demonstrate ability to pay, or produce an order from the town office. The reason given in evidence for non-participation was that the town could not afford the "dollar-a-day" scheme.

The 1955 budget, however, provides $36,850 for entry into the provincial "dollar-a-day" scheme, with the four Edmonton hospitals, as from July 1st, 1955. Half of the amount is recoverable from the province. A special hospital levy will not be put on the mill rate until 1956. A health unit began operations in the town in 1954.

FINANCES

Rapid development has given rise to many financial problems. To provide municipal services of all kinds including schools, and to provide them quickly, would have been difficult even for a wealthy town, and Jasper Place is far from wealthy.

By reason of the fact that Jasper Place adjoins a large city, a great deal of the business of its citizens is transacted in Edmonton rather than in Jasper Place, and the majority of its citizens are employed in industries or business outside the town limits, with the result that the business area is smaller than in most towns or cities of a similar size, and the major portion of all taxes must be levied against residential property.

A general assessment was carried out in 1951 and the percentage assessment was changed from 66 2/3 to 100% for improvements, while at the same time the base year was changed from 1938 to 1942. The assessment per capita at $607 is even lower than that of Beverly at $718, and it is obvious from these figures that it is impossible for Jasper Place to provide the same facilities for schools, public utilities and social services as those provided in Edmonton.

Table 21 shows the assessment data for Jasper Place. It will be observed that the town has only a small proportion of commercial and industrial assessment. There is no major industry, although there is a proposed industrial area in the north, inside the town, and a growing industrial area just outside.

TABLE 21

ASSESSMENT AND MILL RATE
TOWN OF JASPER PLACE, 1950-55.

YEAR	LAND	BUILDINGS & IMPROVEMENTS	TOTAL	ASSESSMENT PER CAPITA	MILL RATE
1950	$ 334,650	$ 1,172,210	$1,506,860	$ 212	68
1952	1,238,810	3,774,930	5,013,740	477	49
1954	1,313,350	5,435,360	6,748,710	507	54.5
1955	1,739,180	6,510,330	8,249,510	607	46

	1954	1955
Residential assessment	$6,043,540 = 89.6%	$7,287,420 = 88.3%
Commercial & Industrial	705,170 = 10.4%	962,090 = 11.7%
Total	$6,748,710 =100%	$8,249,510 =100%

SOURCE: Exhibits, Financial Statements and Budget.

The town also has a business tax, consisting of the full mill rate upon the (floor space) business assessment of $169,340 in 1954, but the rate was reduced to 30 mills in 1955. The business tax revenue in 1954 was $9,399. In addition, there is a 10 mill levy on the electric light and power assessment of $219,800.

Of the total 1953 mill rate of 55 mills, the schools took 38; in 1954 out of 54.5 mills the schools took 42, leaving only 12½ for all municipal purposes;

but in 1955 out of a total of 46 mills the public schools took only 28.5, leaving 17.5 for municipal purposes.

The town debt has been recently incurred for the construction of a sewer and water supply system. The money required was borrowed from the province under the provisions of the Self-Liquidating Projects Act and the Municipal Capital Expenditure Loans Act. The per capita debt is relatively low at $139.64, and carries 2%, 2½% and 3¼% interest. A small portion of recent debt is for sidewalks and roads.

Debt charges are (1955) $82,700, as compared with $40,045 in the previous year. The charges are almost equally divided as between the town's share, and the portion collected from property owners for local improvements. (The school debt is additional, at $906,900). Table 22 gives figures on the debt.

TABLE 22

DEBENTURE DEBT OUTSTANDING
TOWN OF JASPER PLACE, 1952-55.

YEAR	TOTAL	PER CAPITA DEBT
1952	$ 30,000	2.86
1953	586,840	51.08
1954	1,134,270	85.28
1955	1,898,206	139.64

SOURCE: Annual Reports, Financial Statements and data from town.

TABLE 23

TOWN OF JASPER PLACE
SOURCES OF REVENUE, 1950-55.

YEAR	REAL PROPERTY LEVY	%	OTHER SOURCES	%	GRANTS	%	TOTAL REVENUE	REVENUE PER CAPITA
1950	$119,358	89.1	$ 10,461	7.8	$ 4,157	3.1	$133,979	$18.87
1952	238,534	76.4	35,424	11.4	38,048	12.2	312,006	29.71
1954	367,081	58.6	152,587	24.4	106,295	17.0	625,963	47.04
1955*	348,975	49.8	217,654	31.1	133,910	19.1	700,539	51.53

SOURCE: Compiled from Annual Reports, Financial Statements, and budget.
* denotes estimate.

TABLE 24

TOWN OF JASPER PLACE
EXPENDITURE BY CLASSES, 1950-55.

YEAR	GEN. ADMIN.	%	DEBT CHARGES & CAPITAL EXPEND. FROM REVENUE	%	PUBLIC WELFARE & COMMUNITY SERVICES	%	HEALTH	%	EDUC.	%
	$		$		$		$		$	
1950	39,640	23.2	47,725	28.0	18,194	10.6	369	.2	64,537	38.0
1952	104,980	35.0	30,698	10.2	16,852	5.7	11,375	3.8	135,816	45.3
1954	223,937	36.3	97,900	15.9	23,525	3.8	12,651	2.0	259,153	42.0
1955*	330,513	47.2	107,700	15.4	37,600	5.4	46,230	6.6	178,496	25.4

SOURCE: As for Table 23. * denotes estimate.

It will be observed that revenue per capita is rising, and so is the proportion derived from provincial grants. The property levy declined in 1955. Education (the requisition) is a smaller percentage of total outlay in 1955, and is also smaller in absolute figures. The result is that both the mill rate and the property levy could be decreased in 1955, even with increased expenditures.

4. THE WEST JASPER PLACE SCHOOL DISTRICT

Public schools in Jasper Place are under the West Jasper Place School District No. 4679. The school district boundaries are slightly larger than those of the town. The extra territory for school purposes is west of the town, being wider along the road to Stony Plain. The annual requisition from this extra area is small, being only $1623 for 1955, compared with the town requisition of $178,496.

The increase in school population has been very rapid from 1,090 in 1948 to 1,989 in 1952, or 82%, which has been nearly double the rate in Edmonton for the same period, at 43%; and much higher than Beverly. Moreover, there is every likelihood that an increase will continue (for both public and separate schools) because of the proportion of children in the very young age groups. The town census for 1953 showed that each year, in the age group o to 5, had 451 children, while from 6 to 16 the average member was only 230.

The number of births in the area, from 1941 onwards tells the same story. The proportion of school total population is high, being 22% in Jasper Place (1953) as compared with 17.4% in Edmonton.

There are 6 schools, 71 classrooms, and 74 teachers. Another school is being built, of 12 rooms, which is expected to take care of the needs up to and

including 1956. One of the reasons why the load on the public schools is lighter, from 1954 onwards, is the setting up of the separate schools in that year.

As usual in the fringe communities school buildings cost less than in the city - a fact which is usually taken to prove that accommodation in the fringes is poorer than in the cities. (See Chapter 7). Jasper Place was said in evidence to be the last town in Alberta with a population of 2,000 or more, to put in its schools a kitchen for household economics and a shop for woodwork. Teachers' salaries are slightly lower than in the Edmonton public school system.

The mill rate for schools in 1954 was 42, leaving only 12.5 mills for all municipal purposes, but because of provincial grants a substantial reduction was made in 1955. The mill rate was reduced to 28.5 (public school) and to 24 mills (separate school). The total requisition upon the town was reduced from $259,153 to $178,496. Of the total public school board revenue of $433,338 in 1955, requisitions accounted for $146,354, and total provincial grants to $274,014. The tax reduction subsidy alone was $102,927.

Annual charges of the existing school debt are $77,900. The per pupil debt is $266.

The following tables show the financial data of the school district, and compare the property levy with total school costs (public and separate combined).

TABLE 25

WEST JASPER PLACE SCHOOL DISTRICT No. 4679.

YEAR	SCHOOL POPULATION	SCHOOL ASSESSMENT	SCHOOL REQUISITION	GOVERNMENT GRANTS (Operational)	TOTAL COSTS (Expend.)	PER PUPIL COST
1950	1654	$1,287,200	$ 65,681 ...	$ 70,080 ..	$148,141 ..	$ 89.57
1952	1989	4,271,470	137,000 ...	104,403 ..	276,025 ..	138.78
1954	2545	4,837,220	213,000 ...	156,877 ..	535,071 ..	210.24
1955	2341	5,321,990	146,355 ...	274,014 ..	433,338* ..	185.11

SOURCE: Compiled from reports of Department of Education and Exhibit 60E.
* denotes estimate.

TABLE 26

REAL PROPERTY LEVY & SCHOOL COSTS, JASPER PLACE, 1950-55.
(Public and Separate Schools Combined)

YEAR	REAL PROPERTY LEVY	SCHOOL COSTS (Expenditures)	PROPERTY LEVY AS PERCENTAGE OF SCHOOL COSTS
1950	119,358	148,141	80.57
1952	238,534	276,025	86.42
1954	367,081	636,935	57.63
1955	348,975	553,709	63.02

SOURCE: Table 23, 25 and 27.

5. JASPER PLACE R.C. SEPARATE SCHOOL DISTRICT No. 45.

The separate school district was established in May, 1953. No schools were operated during 1953 but pupils went to the public schools under a tuition agreement between the two boards. By 1954 the separate school board operated three schools with 24 teachers, and some 710 pupils in Grades I to XII. Two 2-room schools were built during the year 1954, at a cost of $71,000, making four schools in all; during 1955 another elementary school and a high school are being built; and the number of teachers is 32.

The chief financial transactions in 1953 (part year) dealt with sale of debentures and receipt of provincial building assistance, and the corresponding expenditures for buildings.

The financial data is as follows:

TABLE 27

JASPER PLACE R.C. SEPARATE SCHOOL DISTRICT No. 45.

YEAR	SCHOOL POPULATION	SCHOOL ASSESSMENT	SCHOOL REQUISITION	GOVERNMENT GRANTS (Operational)	TOTAL COSTS (Expend.)	COST PER PUPIL
1953	93	$ 855,020	$ ------	------	------	------
1954	710 (Sept.)	1,200,000	48,266	16,596	101,864	143.47
1955	860	1,498,510	34,428	83,448	120,371	139.96

SOURCE: Compiled from School Board office and budget and Department of Education. 1953 and 1954 were transition years.

The approximate cost of operation for the first year was $71,000, of which $55,500 was for teachers' salaries. For the year ending Dec. 31st, 1955 the total cost was expected to be $120,371, of which teachers' salaries will require $73,543.

The debenture debt outstanding in 1954 was $306,900. It is expected that in 1955 senior high school facilities will cost $60,000, but this has not yet been borrowed.

PROSPECTS

Jasper Place has some prospects of industrial development - especially of light secondary industry in the north west and of commercial development downtown - to broaden its tax base. It would be very far-fetched however to expect such development to alter greatly the essential function of the town as a

dormitory suburb of Edmonton. It is for that reason that the town's representatives have supported amalgamation of the entire area under one government. Indeed it is impossible to see how the town can avoid higher taxes, or further dependence on the province, if it is to support the normal range and quality of city services: and high taxes are difficult to extract from relatively low earnings received by relatively large families.

CHAPTER 4. PROBLEMS OF THE FRINGE COMMUNITIES

CHAPTER 4. NATURE AND PROBLEMS OF THE FRINGE COMMUNITIES.

Outline of Chapter Contents.

1. The fringes compared with their central city.

   (a) Civic services
   (b) Per capita assessment
   (c) Per capita expenditures and revenue
   (d) Per capita debt
   (e) Dependence on the province
   (f) Expenditures on education
   (g) School grants and requisitions

2. The fringes as an outcome of population growth and housing demand.

   (a) A problem of the whole metropolitan area
   (b) Why people went to the fringes

3. Housing and the prevention of fringes.

   (a) Relax city zoning and building by-laws
   (b) Financial methods of assisting housing
      (i) Federal housing legislation
      (ii) Alberta housing legislation

4. Housing and civic finances.

5. Summary of the fringe problems.

CHAPTER 4. THE NATURE AND PROBLEMS OF THE FRINGE COMMUNITIES.

1. THE FRINGES COMPARED WITH THEIR CENTRAL CITY.

In the preceding chapter we have described the individual fringe communities within each of the two metropolitan areas. These details were given because they are the necessary factual foundation upon which any recommendations must be based. The facts will stand out much more clearly however, if they are brought together in some order. If, for example, we compare the fringe communities with one another, and with the city, some striking results are obtained.

(a) Civic Services.

The first general point which emerges very clearly is that, looked at from the municipal point of view, the fringe communities lack a full range of urban amenities, and such civic services as they do have are usually below city standards. Much the same thing may be put in another way by saying that the cities in each area are the only municipal units with a full range of modern civic services.

Since the fringe communities lack many services, and possess others only in rudimentary form, it is plain that there are extra-ordinary inequalities within each of the closely knit metropolitan areas. These inequalities do not exist because the councils and citizens in the fringe communities are miserly, or lacking in civic spirit. They exist for the most part because, as municipal units, the fringe communities are relatively poor when compared with their central city. This, then, is the second general conclusion to be drawn from our data: the relative civic poverty of the fringe communities.

The civic poverty of the fringes may be documented in several ways. The most enlightening is to compare the financial position of the fringes and cities.

(b) Per capita assessment

The first set of figures to which attention may be drawn is contained in Table 1 below which compares the per capita assessment in the fringes and in the city of Calgary; and Table 2 which does the same for Edmonton and its fringes.

TABLE 1

PER CAPITA ASSESSMENT

CALGARY METROPOLITAN AREA, 1948-55.

YEAR	CITY	BOWNESS	FOREST LAWN	MONTGOMERY	"GLENMORE"
1948 ..	$ 657 ...	$495	$---	$---	$---
1950 ..	653 ...	547	740	---	---
1952 ..	781 ...	387	402	---	---
1954 ..	1,210 ...	430	393	309	2,066
1955 ..	1,300 ...	531	509	433	2,022

SOURCE: Compiled from tables in Chapters 3 and 6.

TABLE 2

PER CAPITA ASSESSMENT

EDMONTON METROPOLITAN AREA, 1948-55.

YEAR	CITY	JASPER PLACE	BEVERLY
1948	$ 717	$ ---	$ 351
1950	809	212	303
1952	1,060	477	703
1954	1,005	507	634
1955	1,109	607	718

SOURCE: As for Table 1.

The position is more unfavourable to the fringes than the figures above indicate, since the cities have a substantial income from business tax and other sources, whereas the fringe communities have little or none. The business tax is, of course, in addition to the mill rate, and is imposed only in Beverly, Jasper Place and Forest Lawn. Montgomery has a small personal property tax but Bowness has neither business tax nor personal property tax. (See Chapter 9, Assessment and Taxation).

It must be borne in mind, when comparing assessment figures that assessment practices, the base year values of improvements, and other factors, differ as between the cities and the fringes. For that reason comparative figures for cities and fringes can never be used to draw more than rough or approximate conclusions. Nevertheless, there is no reason to believe that properties in the fringes are under-assessed by comparison with the city, and some reason to believe the contrary, that they are assessed more highly than in the city. The evidence is not conclusive, especially in view of the cities reassessment programme in the last two years.

Yet when all is said and done, there is no disputing the general direction in which the figures point, and they go a long way to explain why the fringes have fewer municipal services, and why these few are usually of a poorer quality than in the cities.

(c) Per capita expenditures and revenue

But we are not forced to rely on the indirect evidence of the assessment figures. The per capita expenditures themselves reveal directly that the fringes are spending considerably less than half as much per capita as the cities in the Calgary area, and somewhat more than half as much in the Edmonton area. The figures are set forth in Tables 3 and 4 below. Clearly where the per capita expenditures are so much less than in the city, the municipal services must suffer accordingly.

TABLE 3

PER CAPITA EXPENDITURES

CALGARY METROPOLITAN AREA, 1948-55.

YEAR	CITY	BOWNESS	FOREST LAWN
1948	$ 33.64	$ 31.39	$ ----
1950	57.54	22.86	31.28
1952	74.01	23.88	30.70
1954	93.76	30.11	31.14
1955*	91.21	27.73	42.72

SOURCE: As for Table 1. *denotes estimates from budgets.
Figures for Montgomery not available.

TABLE 4

PER CAPITA EXPENDITURES

EDMONTON METROPOLITAN AREA, 1950-55

YEAR	CITY	JASPER PLACE	BEVERLY
1950	$65.29	$ 24.01	$ 22.14
1952	85.70	28.54	37.02
1954	96.20	46.38	52.38
1955*	94.34	51.53	56.68

SOURCE: As for Table 1. *denotes estimates from budgets.

The fringes cannot spend if they have not the revenue. The per capita revenue figures closely follow the expenditure figures given above, and show that the per capita revenue in Calgary is more than twice that in its fringes and in Edmonton is somewhat less than twice that in its fringes.

The difference in the per capita revenue (and hence also in the per capita expenditure) can be explained on several grounds. <u>First,</u> the tax base is wider in the cities. Some 40% of Calgary's assessment and some 43% of Edmonton's, are in the form of commercial and industrial property. <u>Second,</u> the substantial business tax, based on rental value in the cities, is also a factor, amounting to $6 per capita. <u>Third,</u> the cities have a considerable source of revenue in some of their utility earnings, Fourth, residential properties in the cities tend to be more valuable, on the average, and hence to give a higher assessment per capita. Other reasons also exist, but need only be mentioned - such as the higher average incomes in the cities, and the higher standards of civic services which in turn require a higher per capita revenue to sustain them.

(d) <u>Per capita debt</u>

A comparison of per capita debt shows a somewhat different picture, since the per capita debt in the cities is high, and that in the fringes is smaller, or non-existent. Yet such a comparison can be misleading unless several points are borne in mind. In the first place, the city debt has been incurred, (more rapidly in later years), as capital works have been undertaken to provide utilities and other services. It is indeed this rising debt which is one of the factors disturbing the city councils. But there is another side to the picture: the city has something to show for the debt, in the form of durable assets, and the many services which are available to the citizens. Looked at from one point of view, the existence of a substantial debt is testimony to the large assessment, and tax paying ability of the citizens. Poorer fringe communities cannot afford a large debt and the services which debt makes possible. Tables 5 and 6 below set forth data on the relation between actual and permissible debt in the cities and their fringes.

TABLE 5

ACTUAL AND PERMISSIBLE DEBENTURE DEBT,

CALGARY AND FRINGE TOWNS - 1954 and 1955
(General debt only)

	1954			1955		
	CALGARY	BOWNESS	F. LAWN	CALGARY	BOWNESS	F. LAWN
Total Assessment	$189,616,880	$2,180,217	$1,256,282	$219,624,555	$3,121,810	$1,815,870
Permissible Debt	37,923,376	436,043	251,256	43,924,911	624,362	363,174
Actual Debt	22,173,402	----	170,914	28,011,802	----	224,262
% of actual to Permissible	58.5%	----	68.0%	63.8%	----	61.8%

SOURCE: Compiled from Financial Statements, and municipal data. Permissible debt is 20% of live assessment; and does not include (a) local improvement (owner's share) of debenture debt, or (b) utility debt.

TABLE 6

ACTUAL AND PERMISSIBLE DEBENTURE DEBT,

EDMONTON AND FRINGE TOWNS - 1954 and 1955.
(General debt only)

	1954			1955		
	EDMONTON	J. PLACE	BEVERLY	EDMONTON	J. PLACE	BEVERLY
Total Assessment	$198,928,270	$6,954,340	$2,284,710	$232,258,500	$8,249,510	$2,878,980
Permissible Debt	39,785,654	1,390,868	456,942	46,451,700	1,649,902	575,796
Actual Debt	28,541,384	565,292	244,449	31,497,175	806,729	496,027
% of actual to Permissible	71.7%	40.6%	53.5%	67.8%	48.9%	86.1%

SOURCE: As for Table 5.

The financial difficulties of the fringes have not led to the same debt increases, because the narrow tax base, and the low value residential property in the fringes has made the councils reluctant to incur debt. The pressure to incur debt, and provide services is however, beginning to be felt, as in the sewer and

water schemes in Forest Lawn, Beverly and Jasper Place. What has happened in the fringes in the past is that, instead of borrowing, they have gone without the services normally expected by town dwellers. Indeed, the majority of towns in the province are much better provided with utilities - especially sewer and water - than the fringe communities. It is said that a higher proportion of towns and villages in Alberta are serviced with water and sewers, than in any other Canadian province. Those other independent towns in the province, however, are not "fringes" or homogeneous low income dormitory suburbs, but usually have a wider tax base and a wider range of incomes, occupations, and housing. Consequently their per capita assessment and tax-paying ability is greater.

Already we can see from Tables 5 and 6 above, that some of the fringes - notably Forest Lawn and Beverly - have debts which are as high a proportion of their permissible debt, as in the cities. Moreover, these capital borrowings in the fringe towns have equipped the towns with sewer and water systems that by no means cover the whole town area. It is quite impossible to see how the fringe towns could equip themselves with a full range of services, to city standards, because of their limited borrowing powers; to say nothing of their limited tax-paying ability.

The following tables show the per capita gross debenture debt (school debt only excluded) in the Calgary and Edmonton areas. It will be seen that, except for Bowness and Montgomery the per capita debt is rising rapidly in the fringes.

TABLE 7

PER CAPITA GROSS DEBT

IN THE CALGARY AND EDMONTON AREAS, 1950 to 1955.

YEAR	CALGARY	BOWNESS	FOREST LAWN	EDMONTON	JASPER PLACE	BEVERLY
1950	$132	$ Nil	$ Nil	$198	$ Nil	$ .56
1952	150	"	"	272	2.9	.45
1953	216	"	"	287	52	179
1954	265	"	120	313	85	142
1955	299	"	127	343	140	124

SOURCE: Tables in Chapters 3 and 6.

(e) Dependence on the province.

Another very useful indicator is the proportion of civic expenditures which are dependent on provincial aid, or to put it in another way the proportion of revenue which is derived from provincial grants. Although other subsidiary

factors enter in, generally speaking where the proportion of revenue from provincial grants is higher, then the municipality is relatively poorer. The reasons for this are: firstly, the fringes deny themselves many services which they can hardly tax for because of their relative civic poverty (their revenues per capita are low); and secondly some of the provincial grants are weighted in favour of the poorer areas, although this point comes out even more clearly in the case of school board finances as we shall see later.

The following table gives and shows the dependence of the fringes upon the Municipal Assistance grants. Other grants are also received from the province, but the financial statements of the cities are set up in such a manner that it is impossible to ascertain from them the total of provincial grants of all kinds. For that reason, the fringes and their cities cannot be compared, except with regard to Municipal Assistance alone.

TABLE 8

MUNICIPAL ASSISTANCE GRANTS AS

PERCENTAGE OF TOTAL REVENUE, CALGARY AREA, 1951-1955.

YEAR	CALGARY %	BOWNESS %	FOREST LAWN %
1951	7.6	14.3	10.6
1952	7.9	14.1	12.5
1954	8.4	17.6	21.8
1955	8.5	20.1	15.4

SOURCE: Compiled from Financial Statements and budget.

TABLE 9

MUNICIPAL ASSISTANCE GRANTS AS

PERCENTAGE OF TOTAL REVENUE, EDMONTON AREA, 1951-1955.

YEAR	EDMONTON %	JASPER PLACE %	BEVERLY %
1951	6.8	6.8	7.2
1952	7.0	10.6	13.3
1954	7.8	16.0	11.4
1955	7.7	15.7	12.3

SOURCE: Compiled from Financial Statements and budget.

(f) Expenditures on education.

Another set of figures is those showing the proportion of its total budget expenditure which the cities and fringe towns spend upon education. These figures are given in the tables below.

TABLE 10

EDUCATION EXPENSES (REQUISITION)

AS % OF TOTAL BUDGET EXPENDITURE

CALGARY AREA, 1948-55.

YEAR	CALGARY %	BOWNESS %	FOREST LAWN %
1948	36.24	53.19	51.13
1950	33.98	59.10	54.72
1952	31.22	40.76	43.98
1954	27.32	45.07	38.44
1955	21.36	33.42	20.88

SOURCE: Financial Statements, and tables in Chapter 3.

TABLE 11

EDUCATION EXPENSES (REQUISITION)

AS % OF TOTAL BUDGET EXPENDITURE

EDMONTON AREA, 1948-55

YEAR	EDMONTON %	JASPER PLACE %	BEVERLY %
1948	32.54	----	40.53
1950	35.27	37.86	41.51
1952	33.39	43.53	42.3
1954	31.33	42.0	34.65
1955	27.49	25.48	27.65

SOURCE: Financial Statements,and tables in Chapter 3.

Two things stand out from the above tables. The first is that until the present year, the fringe towns were spending on their schools a far higher proportion of their total expenditures than the cities. That is to say, after giving priority to the school board requisitions (which they must do by law) the fringe towns had relatively much less left to spend on other services.

The other is the remarkable difference which has been brought about by the 1955 tax reduction subsidies for education. So far has this gone, that in 1955 Calgary is spending a slightly higher percentage of its budget total on schools than Forest Lawn, while Edmonton is spending a higher proportion than Jasper Place, and about the same as Beverly.

(g) School grants and requisitions.

If the school board revenues alone are examined, then we may construct a table showing the relative share of the education costs which are borne by local taxation and those borne by the provincial operating grants. Generally speaking again, it is true that the poorer the area, the more does the school

board rely upon provincial grants. The percentages are shown in the table below, from which we may note both the greater dependence of the fringes on the province, and the large changes wrought by the 1955 grants.

TABLE 12

SCHOOL OPERATING GRANTS AS % OF GRANTS AND LOCAL SCHOOL TAXES (requisitions) COMBINED CALGARY AREA, 1950-55.

YEAR	CALGARY PUBLIC S.C.	CALGARY SEPARATE S.D.	MONTGOMERY S.D.	BOWNESS S.D.	BOW RIVER S.D. (Forest Lawn)
1950	13.6	13.9	42.9	35.8	35.9
1952	12.0	13.6	38.6	48.8	42.2
1954	18.7	10.6	48.4	51.2	50.5
1955	41.7	48.4	65.3	69.2	73.6

SOURCE: Compiled from Department of Education figures. Construction grants and other minor sources of school board revenue - chiefly fees - are not included.

TABLE 13

SCHOOL OPERATING GRANTS AS % OF GRANTS AND LOCAL SCHOOL TAXES (requisitions) COMBINED EDMONTON AREA, 1950-55

YEAR	EDMONTON PUBLIC S.D.	EDMONTON SEPARATE S.D.	BEVERLY S.D.	WEST JASPER PLACE S.D.	JASPER PLACE SEPARATE S.D.
1950	10.4	13.8	13.6	51.6	----
1952	9.6	12.6	39.1	43.2	----
1954	16.0	19.0	29.3	42.4	25.6
1955	34.3	37.0	55.7	65.2	70.8

SOURCE: As for Table 12.

2. THE FRINGES AS AN OUTCOME OF POPULATION GROWTH AND HOUSING DEMAND.

Many, though perhaps not all, of the problems of Edmonton and Calgary, and their fringes are rooted in the basic fact of rapid population growth. The immediate reasons for this metropolitan growth are two-fold: one is the trend common throughout the province and country towards urban living; the other is the special factor of the expanding Alberta economy, an expansion largely centered on the two large cities and based upon oil and natural gas and their derivative development.

Nor in saying this, do we ignore that some of the post-war housing demand in Canada arose from the higher rate of net family formation, which during the war and until 1952 exceeded the rate of construction of new dwelling units; and to the steady rise in family income. (Bank of Montreal, Sept. 23, 1955.)

(a) A problem of the metropolitan area.

A fundamental feature of the population growth, never to be lost sight of, is that it was the attraction of the metropolitan area as a whole, and usually of the city itself, which first drew people to the area. The growth factors are found in the city or whole area, and not in each separate fringe community, which is almost purely residential. It is because they are near large cities that the fringes have grown so rapidly, more rapidly for the most part than the cities themselves. Had they been isolated communities, or had the job opportunities not offered in the cities (or in the area adjoining the city, as in Strathcona), the fringe communities would not have experienced their mushroom expansion. The cause then of the fringe problems is essentially city and metropolitan, and it is a reasonable conclusion that the solution must also be sought within the area considered as a whole, and not within each separate municipal unit.

(b) Why people went to the fringes.

The more particular question we must ask here, however, is why, having decided to come to the metropolitan area, or being already there, so many persons should have decided to live in the fringes rather than in the central city? It was not on the whole because Edmonton and Calgary lacked the land, or sheer physical space, for further buildings. Edmonton is not

even yet entirely built up, although the remaining space is comparatively small, and less convenient for sub-division, and the pressure upon it is increasing. And Calgary has a much larger amount of possible residential land within its present borders. (See Chapter 14, City Boundaries.)

If we said there was a lack of serviced land to cope with the large post-war demand for housing, we should be nearer the truth; and that, as noted below, resolves itself into a problem with two aspects. One of them is the civic aspect - the capital financing needed to install the utilities, build the streets, and so on; the other being the problem as the individual sees it - of accommodation, housing costs and personal house-financing. The individual aspect of the problem is our main concern in what follows.

Much has been written on why people live in fringe areas, and much has been said before this Commission. There is, in simple fact, a good deal of loose speculation on the subject. It is not on that account necessarily wrong, though all of it cannot be right, because the opinions often conflict. In short, much of the opinion is unreliable because it is not based upon any systematic or comprehensive information on the subject, an outstanding exception being the reports on the fringe areas sponsored by the Community Planning Association of Canada, Edmonton Branch. (Community Planning Association of Canada, Alberta Division, Report of the Fringe Committee, and Supplement, Fringe Committee Report, Edmonton, 1952.) This is one of the very few pieces of evidence on this complex subject which is based upon careful and first hanu study of a fringe community, that of Jasper Place.

The reasons for people going into the fringe areas rather than living in the city, turn chiefly though perhaps not entirely, on the housing problem. For that reason, and because so much was said on housing before this Commission, a short discussion of the subject is called for, insofar as it relates to fringe problems.

In the Jasper Place inquiry cited above, 58% of those questioned specifically stated that they were in Jasper Place because they could not get a home in the city. More than half of the people, that is, went to this fringe town not because it was their first preference, but because there was no practical city alternative within their means. They could not find in the

city, accommodation of a kind they wanted, either because of higher rents or, in some cases, because children were not wanted by city landlords, or because they were unable to find the down payment and satisfy the income standards for house financing. The fact that the fringe is, even later, not the first choice of residence is also borne out by the fact that 55% of those questioned did not regard Jasper Place as their permanent home, and 10% planned to move out within a year. The reasons most commonly given for wishing to move were rising taxes and lack of conveniences.

The Bowness evidence supports that of Jasper Place and there is not much reason to suppose that the other fringe communities are essentially different.

The Jasper Place study also turned up the interesting fact that the most common pattern of settlement was for the residents to arrive in Edmonton from elsewhere, spend a year or two in the city, and then move to Jasper Place. Whether this is true of all the fringe communities we do not know. Most of the new arrivals had rural backgrounds, 76% having lived on farms.

The situation would, no doubt, be different in a high-income residential suburb or fringe, but with the single exception of "Glenmore" this type of fringe is not found within the metropolitan areas of Edmonton and Calgary. There might have been a fringe problem of a kind, even in the case of high-income suburbs, since it is unlikely that the cities could have borrowed enough, or serviced lots fast enough, to accommodate all the population growth of recent years within their boundaries. But in such a case, with high-value residential assessment, the problems of the fringes would be different in nature; they would not be a housing problem, and might not present serious problems of civic finance.

Most people who come to live in the fringes either buy or build for themselves a single detached house. There is very little accommodation in apartments and duplexes such as that found in the cities. Thus, in Beverly, out of 556 dwellings, 510 are single detached; in Jasper Place 2210 out of 2,355; in Bowness 745 out 806; and in Forest Lawn 240 out 267. (Census of 1951.)

Since most of the fringe dwellers were unable to buy within the city, their alternative to fringe accommodation was higher rents and more cramped quarters in the city. The fringe communities typically have very little

rental housing, so that the proportion of owners to tenants is high.

In Beverly, out of 556 occupied dwellings 180 were tenant-occupied (which is an unusually high proportion), out of 2,355 dwellings in Jasper Place only 590 were occupied by tenants; and in Bowness out of 806 dwellings only 135 were rented. In other fringes the rental accommodation was negligible. Put in another way, the proportion of owner-occupied homes is considerably higher than in the city (except for Beverly). Expressed in percentages, the proportions of owner-occupied are: in Jasper Place 75%, in Beverly 61%, in Bowness 86%, and in Forest Lawn 84% - as compared with 61% in Edmonton and 59% in Calgary. (Census of 1951.)

It is also true, as might be expected, that rents are lower outside than inside the cities. The Census of 1951 gives median rents as follows: Jasper Place \$33, Beverly \$27, and Bowness \$28 - as contrasted with \$42 and \$39 in Edmonton and Calgary respectively.

The attraction of lower rentals is, of course, one of the minor reasons why people live in the fringes. Since houses are smaller, the quality of rented property inferior, and some utilities lacking, we should expect rentals to be lower. In addition, of course, city figures include many high apartment rents. True, the residents of fringes put up with a lack of utilities, but in return for that, either they pay lower rents, or else they are able to build or buy their own houses.

For the same rent or house-cost, the fringes on the other hand sometimes provide more space and fresh air than the city. The attraction of more space and privacy is strong, a point confirmed by many of the housing studies undertaken in the United States. (Coleman Woodbury (ed). <u>The Future of Cities and Urban Re-development</u>, Chicago, 1953, p. 312ff.) Yet we should not be misled by this into believing that lot sizes are any larger on the average in the built up fringes than in the cities.

Passing mention was made earlier of owner-built houses. No exact figures are available on the proportion of homes actually built by the owner, but in the 1952 survey, it was found that 28.3% had been so built in Jasper Place. It can be assumed that owner building has an effect on the quality of the houses, in general probably an adverse one, since amateur builders are less likely to build as well as professionals. In general, the proportion of owner-built homes is not high, compared with the number purchased.

There are several reasons why people are able to buy houses outside but not inside the cities. In the first place, owners and contractors were permitted to build in the fringes on unserviced lots. Building is not permitted in the cities except on serviced lots.

In the second place, it costs less, for house and lot combined, to build on an unserviced lot. A serviced lot costs appreciably more than one without sewer and water services. To install plumbing in the house was stated in evidence to cost a further $1,000 or thereabouts. Building in the city is thus more costly. The outstanding advantage of fringe dwellings is indeed that they are generally less costly than city houses. In Jasper Place, for example, less than 4% cost over $5,000 to build (but on the other hand over 22% were valued by their owners at more than $5,000.)

In the third place, the normal National Housing Act method of financing was not open to many of the fringe residents for several reasons. The income requirements and the down payment often could not be met, with the former probably the greater obstacle. National Housing Act financing has only been available for building upon serviced land, and only very recently have water and sewer been obtainable in some of the fringes.

The type of dwelling in the fringes is of relatively small size and in other respects too is below the standards which are set by National Housing Act requirements. A common practice has been for contractors to build these small houses, from 600 to 800 square feet, of frame construction, with siding exterior and dry wall interior on good foundation, but without plumbing, and often without basement. The minimum floor area, under National Housing Act loans was 750 sq. feet, (now 800) but 77% of the houses in Jasper Place had less than that area in 1952. In Jasper Place also, 72% were incomplete, 18% had no foundations, 26% had no basement, and a few were covered with tar paper. Most of the other fringes have similar conditions.

Since houses are relatively small and families relatively large, there is some "overcrowding". Thus the city of Calgary had on the average 4.5 rooms per dwelling and 0.7 persons per room, while for Bowness the corresponding figures were 4.0 and 0.9, and for Forest Lawn 3.9 and 1.0. In Edmonton there was, on the average, 4.5 rooms per dwelling, and 0.8 persons per room, while Beverly had 3.7 and 1.1, and Jasper Place 3.8 and 1.0. (Census of 1951.)

The Jasper Place study in 1952 reported 4.2 persons for each 3.8 rooms to give a "crowding index" of 1.1. But these are averages, and cases were found of 10 and even 14 persons occupying 3 or 4 rooms. No similar information was available for the cities, although one suspects that some cases of gross overcrowding could be found there too, in some districts.

In the case of the houses built for sale in the fringes, the down payment required is generally low. In order to recover his capital quickly the builder sells his Lease-Option or Agreement for Sale at a heavy discount. The amount of the discount, so it was said in evidence, may run as high as 40%, but more commonly is about 22%. The business of discounting mortgages and agreements for sale is of course old established, and like other business provides a service to the community. The term of purchase is usually not more than 10 years, and the median monthly payments (in Jasper Place) was said to be $40 to $50.

The end result is that the builder recovers his capital quickly, and so can employ it again to build still more houses; the person who buys the Agreement or Lease-Option takes the risk; and a home is provided. To the extent that this method of financing enabled low-income families to establish a small home in the fringes, the housing pressure in the entire area was relieved. But the purchaser of the house pays a high price in terms of the property he receives. He does get, on the whole, inferior or substandard housing that is too small. For the same outlay he could almost certainly purchase a better dwelling in the city, if the financing could be arranged.

The N.H.A. has certainly done a great deal in meeting the post-war housing demand in Canada, and the 1954 revisions of the Act made still more mortgage capital available through the banks, but it has not directly helped the fringe residents who live without city services, and the low-income groups who can afford only small down payments, and who are more uncertain risks. There is no doubt that fringe residents for the most part have lower incomes than the city average, as the following tables show.

TABLE 14

MEDIAN EARNINGS IN THE EDMONTON AREA, 1951

	EDMONTON	BEVERLY	JASPER PLACE
Wage-earner family heads	$2,468	$2,030	$2,206
Male wage earners	2,292	1,876	2,107
Female wage earners	1,273	900	957

SOURCE: Census of Canada, 1951

TABLE 15

MEDIAN EARNINGS IN THE CALGARY AREA, 1951

	CALGARY	BOWNESS	FOREST LAWN
Wage-earner family heads	$2,521	$2,296	$2,151
Male wage earners	2,313	2,176	2,139
Female wage earners	1,313	1,088	893

SOURCE: Census of Canada, 1951

If total family incomes are considered there can be little doubt that the tables above underestimate the comparative advantage of the city. In the fringes there are relatively fewer well-to-do persons with substantial investment income, and the fringes contain few except wage earners. There are no large numbers of the self-employed, professional, proprietor, and managerial groups who raise the average family incomes in the city.

The desire for home ownership is deep and widespread in our society, although the motivations behind it are complex and obscure. (Woodbury, op. cit., p. 322 ff). But, as suggested earlier, the move to the fringes cannot be taken as merely expressing this desire, since home ownership has not always been the first choice; in many cases rental accommodation, of a suitable kind at a suitable price might have been preferred had it been available. It is never wise to accept what people do as proof that this is their first choice, since no other practical courses may have been open to them.

It is often said that people move to the fringes in order to escape the higher city taxation. On the whole this is not borne out by the evidence, or at the most is only a partial truth. If one buys a small home, without utilities, then in absolute terms the tax bill on the property may be low; but relative to what is received for the taxes by way of civic services and amenities, the tax may be higher than in the city. There is little or no evidence before the Commission to show that if the average fringe home were in the city, the tax bill would be higher; there is more evidence to the contrary; while in addition some utility bills are lower in the city, and the small taxpayer there enjoys a wider range of better civic services.

It is also somewhat misleading to say that people live in the fringes in order to escape the building restrictions of the cities. There is no evidence that the inferior housing, lack of conveniences, and the other conditions which prevail in the fringes is the first choice of the majority who live there. The weight of evidence is the other way. Fringe residents, like other people, would prefer larger and better houses, more conveniences and civic services, if they could afford them. Once more we come back to the fact that the fringes were chosen for the most part because there was no practicable alternative.

The problems of the fringes are not static, and if left alone some of them will become acute. This is particularly true of the health and sanitation hazard in some of the fringes. As public pressure mounts for more urban amenities, taxes will rise. They have already risen substantially, and would have gone higher in 1955 had it not been for the tax reduction subsidies on behalf of education. It is impossible to see - in the absence of ever-increasing provincial grants - how taxes on residential property can be kept down to the level of those in the city, <u>if services of city standard are provided in the fringes</u>.

3. HOUSING AND THE PREVENTION OF FRINGES.

The fringe problems may be looked at in two ways: as problems of the individual, and of the municipality. From the individual point of view these are a matter of lower incomes and of substandard housing, and the foregoing of public services which are enjoyed by the city dweller. This brings up a pertinent question which was often raised before the Commission: if fringe growth is not permitted in the future, where will the lower-income groups live? If we assume that the fringes are brought within an enlarged city where city building and zoning standards are enforced, then it is plain that the owner-built type of substandard house, or the house on unserviced land, will no longer be erected. Let us assume also, for the moment, that district planning controls are in effect so that fringe recurrence is prevented outside, within commuting distance, of the city.

(i) Relax city zoning and building by-laws?

Several suggested solutions of this far-reaching problem have been made. One of them is that the city could relax its building and other regulations, for the low-income groups, to allow cheaper housing, whether built for sale by contractors, or owner-built. The one advantage of this, and it is a considerable one, is that these residents would then enjoy the common city amenities, such as fire and police protections, welfare and health services, libraries and schools. But if all the lots were serviced with sewer and water they would cost more than in the fringes, and hence the housing would also cost more. The difference between the city and the fringes on this point is narrowing however, as more and more of the fringe communities install their sewer and water systems.

If this suggestion were adopted however, and certain zones set aside for such housing, the effect would be to bring the "fringes" within the city. The advantage of this to the "fringe" resident has been mentioned. The disadvantage, from the municipal point of view - and apart from the appearance of the city - is largely a financial one. The fringe residents would contribute the taxes on their homes, but these would not pay for the civic services received, so that to accommodate present and future "fringes" within the city limits would mean a net financial loss to the city.

It is, on the whole, a matter of city policy whether this solution to fringe building is adopted, since the cities make their own zoning and building by-laws. Nevertheless, subject to the proviso that at least sewer and water

are provided, the Commission is prepared to agree that some relaxing of the building code, in appropriate zones, is preferable to having new fringe development outside the city limits. But this should not be taken as representing our considered opinion that it is the best method, or the only one, of dealing with the problems of low-income housing. It is merely a lesser of two evils. Nor would it, in itself, help towards the financing of low-cost housing, and might in fact make it more difficult because the individual would have to raise a larger amount for a higher cost house. To bring future "fringes" within the city means that the supply of services land will almost certainly have to be increased each year, since if the city is enlarged it will bear the whole increase in metropolitan population, whereas now part of the increase goes outside the city limits. This might have important implications for city borrowing, in order to finance local improvements, unless it were done under S. 36 of The National Housing Act.

(b) Financial methods of assisting housing

Another type of suggestion made to the Commission was that house financing - whether for house purchase or for rental accommodation - should be made easier by revisions in the National Housing Act. Insofar as such revisions are concerned - whether for lower down payment, lower monthly payments, lower income requirements or the taking on of greater risks - the Commission feels that it would be going beyond its terms of reference to recommend changes in the N.H.A.

There can be little doubt, as the Calgary Real Estate Board pointed out that "lack of adequate financing of the building of homes for persons who require a small home, and who are on a lower wage scale than the minimum required by the N.H.A. is one of the chief reasons for fringe communities growing so rapidly in recent years." Several suggestions - apart from amending the N.H.A. -were made in evidence as to how such financing might be facilitated. The Calgary Real Estate Board, for instance suggested the provincial government as a possible source of lending, within the city for this restricted mortgage field which would not compete with N.H.A. Such loans would presumably be greater risks than those at present under N.H.A., and to provide 5,000 such homes - at only a $5,000 loan for each - would require a revolving fund of $25 million. It was said in evidence that mortgage lending for housing would also be facilitated to some extent if the Alberta legislation, regarding the right of the security holder to sue on the personal covenant, were amended.

It is apparent from the evidence that lack of adequate housing accommodation and adequate financing therefor in the two cities for the lower-income groups since the second world war have been contributing factors in the creation of fringe areas. In this setting then, the problem is twofold - financing the purchase of low-cost housing and financing the building of rental accommodation.

(i) <u>Federal housing legislation</u>

The National Housing Act, 1954 makes provision for special assistance to various kinds of low-cost housing. It is some recognition that rapid urban growth has placed heavy financial demands on municipalities.

Section 16 authorizes loans to limited-dividend companies to aid in the construction of "low-rental" housing projects. Provision is made whereby a limited-dividend company may receive contributions to a rent reduction fund from the province, city or private persons. Municipal cooperation is necessary as to Section 16 with regard to area planning, zoning and the adequacy of municipal services.) Two of these projects have been erected in Calgary, containing 344 rental units. In Edmonton one has been completed containing 236 rental units, and another has been authorized with 207 units; all of them under private enterprise.

Section 23 provides for grants to municipalities for re-development and slum clearance.

Section 36 provides for federal-provincial projects in the construction of houses for sale or rent.

Provincial and municipal participation are required for action under Sections 23 and 36, as well as other pertinent sections.

The importance of these sections as to the low income groups is apparent when it is realized that generally speaking it is impossible for a person with an income of less than $3,000 annually to qualify for a mortgage under the N.H.A. This arises because of the working rule that monthly payments for principal, interest and taxes must not exceed 23% of the applicant's income. A qualified borrower may obtain a loan of 90% of the first $8,000 of "lending value", as established by Central Mortgage and Housing Corporation ("lending value" may not necessarily equal "sales value") and 70% of the balance of "lending value" up to $12,800 for a single house, and $22,100 for a "home owner semi-detached" dwelling, as defined in the Act. The rate of interest may not exceed 5¼%. The mortgage term is generally 25 years but may be 30 years if the lender agrees. The average loan increased to $9,944 in 1954, whilst the average down payment declined to $2,672.

(ii) <u>Alberta housing legislation</u>

(a) In 1945 The National Housing Loans Act was enacted, its purpose being "to facilitate the loaning of money in the province under The National Housing Act,

1944". Under The Judicature Act the rights of mortgagees or vendors under an agreement for sale are restricted to the land, and provision is made that no action shall lie on the covenant for payment in any mortgage or agreement for sale. In The Land Titles Act provision is made for the avoidance of the attornment clause in mortgages and agreements for sale. In order to make effective in Alberta the mortgage lending facilities provided under the N.H.A. the National Housing Loans Act (Alberta) provided that where loans made under the N.H.A. were secured by mortgage, the provisions of The Judicature Act, and The Land Titles Act outlined above would not apply. The National Housing Loans Act was amended in 1954 to apply to the new National Housing Act of 1954.

(b) The Alberta Housing Act was passed in 1952, applying only to cities but was amended in 1953 to include towns. In 1954 it was further amended to conform to The National Housing Act, 1954. The purpose of the act is to authorize agreements of the kind envisaged under Section 36 of the N.H.A. and the ultimate aim of Section 36 is to help families whose incomes are too low for them to purchase homes under the other provisions of the N.H.A. or to pay full economic rentals. The Alberta Housing Act authorizes the necessary federal-provincial-municipal agreements.

All provinces must pass complementary legislation, and all except Prince Edward Island have done so, but all provincial legislation is not identical. The arrangement made possible under Section 36 of the N.H.A. is a 75% - 25% one with the federal government (through Central Mortgage and Housing Corporation) putting up 75% of the capital investment. The Alberta Housing Act places the burden of the whole 25% upon the city or town, and in this respect it differs from the legislation in most other provinces, as shown by the following table.

Province	Federal Share	Provincial Share	Municipal Share
British Columbia	75%	12½% (1)	12½%
Alberta	75%	Nil	25%
Saskatchewan	75%	15%	10%
Manitoba	75%	Nil (2)	25%
Ontario Economic	75%	17½%	7½%
Ontario Subsidized	75%	25%	Nil (3)
New Brunswick	75%	12½%	12½% (4)
Nova Scotia	75%	Nil	25%
Newfoundland	75%	25%	Nil

(1) In British Columbia the Province may put up the full 25% share of the capital cost of subsidized rental projects and requires the municipality to share 12½% in the annual deficit.

(2) By agreement, the Province will share.

(3) In the case of subsidized rental housing projects in Ontario, the municipality advances no capital other than what it would normally provide for private development. The rents for the project are established to meet about 5/6 of the full recovery rentals and the municipality accepts payments in lieu of taxes equal to 5/6 of full taxes. Aside from this tax reduction, the 1/6 subsidy on rents is shared 75 - 25 by the Federal and Provincial Governments.

(4) In the case of subsidized rental projects in the New Brunswick, while the municipality advances $12\frac{1}{2}\%$ of the capital cost, the municipality meets the whole 25% share of annual deficits.

SOURCE: C.M.H.C. publication 941 - September 1954.

There are, of course, many instances of action taken under Section 36 in Canada, but none in Alberta. The Wartime Housing and Veterans' Rental projects during and just after the war were a different matter, and involved federal-municipal agreements.

Under the Alberta Housing Act, where a municipality desires a housing project to be undertaken wholly or partly within its limits, then with the assent of the proprietary electors, and the approval of the Board of Public Utility Commissioners, it may raise money therefor by the issue and sale of debentures. Upon the establishment of a Housing Fund the province may enter into an agreement with the Government of Canada for a housing project, the capital cost of which shall not exceed four times the amount deposited by the municipality in The Housing Fund. All profits and losses are to accrue to the municipality which made the deposit in The Housing Fund.

(c) The City Act authorizes the council to pass by-laws for the purpose of improving housing conditions in the city by providing for the construction of dwelling houses at a reasonable cost for sale or lease to persons of moderate income. In addition the council by by-law may carry to completion and operate a housing scheme according to any method or plan authorized by the N.H.A. and act as a "lender" as defined in that Act. The expenditure of any money by the city must first receive the assent of two-thirds of the proprietary electors who vote on the question.

(d) The Building Associations Act, 1940. Under this Act any three or more persons resident in the province, may form an association with the general object of promoting the better housing of the people of the province. The province may guarantee the debentures of any association, but the total provincial liability under the Act must not exceed $1,000,000. In Calgary between 25 and 30 houses have been built under the provisions of this Act, but

a very few in Edmonton. The province has never been called on to guarantee any debentures, and for all practical purposes, the effect of the operations of the Act upon housing in the two cities has been negligible.

(e) The Alberta Housing Association Act, 1945 authorized the setting up of a provincial body, the Alberta Housing Association Ltd., to assist low cost house building by lending money upon the security of mortgages, and by other means. The Association was to be a provincial-municipal body, jointly financed, and guaranteed by the Province. The Act was never proclaimed, however, so that this approach to house financing in the province has not been tried out.

The Edmonton House Builders' Association offered two criticisms of specific provisions of this Act: (1) that the maximum amount of money available for operations would not support a very large housing program, and (2) the maximum loan of $5,000 per house is too small, and the maximum sale price fixed at $7,500 is too low.

In Calgary evidence was given that one effect of rental control legislation during and just after the war was to force many families to the fringe areas. City representatives expressed a feeling of responsibility for housing low income groups and believed that the growth of the fringes was caused to some extent by the lack of adequate facilities within the city. An official of the city of Edmonton supported the view that the urban area should make provision for all income groups within the area, even though it might be necessary to reduce the building standards. Another city witness, however, gave his opinion that there was little the city could do under present circumstances.

It is clear that the only practical means for the cities of approaching the problem of housing for the lower income groups is under the provisions of The City Act, and, particularly The Alberta Housing Act. It could be argued that the way has been cleared in Alberta, and if the cities have not proceeded, that is their own fault. Evidence was given that the cities were expected to take their 25% share from the unconditional grants made to them by the province. But it is surely unrealistic to have expected the cities of Calgary and Edmonton to have borrowed heavily for housing in addition to all their other borrowings in recent years.

At present, then, insofar as the lack of housing in the cities is the key to the creation of fringes in the metropolitan areas, the evidence was that the cities are unable with their other commitments to attempt any housing

scheme under present conditions. Some municipal and provincial governments believe more strongly than others that they should assist house building for rent or purchase or both. Cooperation is necessary however, between municipalities and the provincial government to make effective use of the N.H.A. (apart from Section 16, as shown above). To the extent that housing for the low-income groups is a problem in the two metropolitan areas, it seems clear that both the province and the cities will need to take bold action. Unless the housing problem is solved in the future other fringe-type communities - either inside or outside the city, or illegal doubling up, and overcrowding are almost certain to develop.

The subject of housing was not dealt with thoroughly in the public hearings of the Commission. Few of the briefs gave more than casusal attention to it. For that reason the Commission is unable to make recommendations.

4. HOUSING AND CIVIC FINANCES.

The above has dealt for the most part with the housing problem as it presents itself to the individual. The civic side of fringe problems, including housing, is also directly the concern of the Commission. Here the problem is largely one of civic finance - of capital borrowing and out-lay to provide the many utilities, and all the other municipal services, such as roads, welfare and schools; and of the level of taxation. The fringe authorities have been able to get along financially so far partly because of provincial grants, especially for schools, and partly because they have not taken on many expensive services.

With regard to housing, and the services directly associated with it - water, sewer, roads, sidewalks - the customary method of financing by the municipality has been to use some kind of "local improvement" basis, with part of the cost falling upon the general debt, and part upon the property owner directly. Nowadays the trend in Canada - in large residential subdivisions - is towards putting the local improvement charges on the builder, and ultimately on the owner through the cost of the house. It tends, to increase the owner's down payment, and/of his monthly payment. This trend clearly lightens the burden of capital borrowing upon the municipality, but it makes it heavier on builder and owner, and upon the facilities of the N.H.A. which must finance services as well as raw land. It also tends to raise the quality of these municipal services, since the city engineers, say, being concerned with future maintenance, specify higher quality of initial

construction when the amount has not to be raised by civic borrowing.

A mention of the civic cost of new housing brings up the social function of the fringes in relation to the whole area and particularly to the cities. The fringes have, in simple fact, been the means by which the housing demand of the metropolitan areas has partially been set. In fulfilling this function the fringe communities have lightened the financial burden on the cities, and are still doing so. The cities have, of course, been faced with tremendous capital and other financing problems, since most of the increased population in the area has been housed within the cities, but these difficulties would have been somewhat worse had the fringes not expanded to take care of some of the population.

The residential nature of the fringes, their function as dormitories for city workers, has been recognized to some extent by the cities, and some sense of responsibility for the fringes was shown by city representatives appearing before the Commission. The fringes are naturally even more aware of the implied debt which the city owes them. Suggestions have been made that the cities should openly recognize their responsibility and discharge it by transfer payments to the fringe authorities. For instance, the city might give the fringes a share of its revenue for industrial taxation.

The suggestion was not pursued very far, (except in the special case of Strathcona, which is the fringe problem in reverse, and is dealt with in Chapter 11). Indeed, it would be an impossible calculation to determine with any accuracy how much the cities owed the fringes because of their dormitory and other functions. Should all city revenues be shared, or merely that portion derived from industry and commerce? What deductions should be made for city services to its industry? How should the share of each fringe area be settled? Would the amounts, however calculated, materially help the fringes? If only approximate figures could be obtained - as would certainly be the case - what political wrangling would ensue each year over the exact figure? These and innumerable other awkward questions at once raise their heads, until this Commission could not seriously advocate inter-municipal transfer payments as a possible solution to ease the finances of fringe communities.

Simpler and more durable solutions for the problems of the fringe communities are discussed in later chapters. It must be remembered, however, that even if solutions are found for the existing fringes, the underlying

problems will still remain if population growth continues; namely, of house financing or low rentals for the individual; and for the city, of borrowing and capital expenditures, of taxation and other revenues. We may be quite sure that no rearrangement of boundaries will be a panacea for an illness that is both complex and deeply-routed. It can, however, go a considerable way towards easing the problems of the area; and that is, perhaps, as much as we can hope for.

It must be recognized that there will always be people who prefer to live in rural surroundings, and they should be allowed to do so, if they are willing to forego the publicly-provided urban amenities. But if they wish urban services they must be prepared for urban tax rates in order to pay for the services. When a number of "rural non-farm" dwellers have congregated closely together just outside the cities, they have transformed themselves into an "urbanized fringe" and should accordingly become part of the city.

5. SUMMARY OF THE FRINGE PROBLEMS.

The nature of the fringe communities and their problems may be summarized thus:

In the first place, the problems are rooted in the expanding Alberta economy and in the rapid population growth, the proximate causes of which are not in the separate fringe communities themselves, but on the cities and the areas as a whole.

Secondly, the fringes are chiefly residential, or dormitory communities. In providing housing accommodation and some civic services for the metropolitan population, the fringes have to that extent lightened the cost of growth to the cities.

Thirdly, the fringe communities have "just grown". It by no means follows that if the metropolitan area of settlement had been fully planned - with due regard to utilities, transport, etc. - that the fringes would have been set up in their present position.

Fourthly, the fringe residents are mainly in the moderate and low income groups, and nearly all are wage earners. Housing standards as well as incomes are generally below the average for the cities.

Fifthly, the fringes are forced to rely on a narrow residential tax base of low-value properties, which is not supplemented by a substantial commercial and industrial assessment. Nor does it follow that the best interests of the

metropolitan area would be served by trying to bring industry into each of the fringes, for the sake of a better assessment balance, thus trying to make each fringe relatively self-contained.

Sixthly, normal urban services, such as those found in the city, are either absent, as in the case of high schools and libraries, or at a much lower level, as in the case of fire protection, roads and sidewalks. The only serious exception is hospital services (due in large part to the provincial assistance available) by which fringe residents may use city hospitals.

Seventhly, since the growth of the fringe communities is largely a response to the demand for housing accommodation, any prevention of fringe recurrence in the future will have to contain provision for low-income housing whether for purchase or rental.

Eighthly, if the recommendations of Chapter 5 are adopted, fringe recurrence can be prevented by zoning and strict control of the subdivision of rural land; but this will not, by itself, solve the problem of house financing for the low-income groups.

Ninethly, no solution for the existing fringes is possible if the fringe communities are forced to rely on their own efforts and the resources within their boundaries. The fringes are essentially metropolitan problems and can only be dealt with effectively on an area basis. Since population growth is likely to continue in each metropolitan area, the prevention and control of future fringes should likewise be subject to area-wide treatment, in the interests of the residents in the whole area.

CHAPTER 5

PLANNING IN THE CITY, THE METROPOLITAN AREA AND THE REGION.

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PLANNING IN THE CITY, THE METROPOLITAN AREA AND THE REGION.

Outline of Chapter contents

1. The distinction between city, the metropolitan area and the region.

2. The case for planning.

3. The legal basis of planning in the province.

4. Other planning controls
   (a) Highway control
   (b) The "two-mile" rule
   (c) Subdivision regulations

5. Planning machinery in the two cities.

6. The actual content of city planning.

7. Planning in the metropolitan area and the region.
   (a) General
   (b) The Calgary area
   (c) The Edmonton area

8. Interim summary and problems.

9. Planning and city boundaries.

10. Optimum size of city.

11. Compensation in the greenbelt.

12. Satellite towns.

13. Methods of joint and inter-municipal planning.

    (a) The voluntary method
    (b) Granting extra-territorial powers to the city
    (c) Final submission of the Edmonton District Planning Commission

14. Recommendations.
    (a) The machinery of district planning
    (b) Other recommendations.

CHAPTER 5. PLANNING IN THE CITY, THE METROPOLITAN AREA and THE REGION.

Part of the terms of reference of the Commission is to consider and make recommendations on the orderly development of Edmonton and Calgary and the surrounding areas. Orderly development does not happen by chance, but comes about only through forethought and planning, and by the use of legislative and other machinery adequate to carry through the plans.

There has always been some forethought and planning by local authorities, as in such simple instances as the layout of streets and the setting aside of public parks, but planning as a normal and accepted function of local government is comparatively new, and is not widely understood by the public. Where the planning function concerns more than municipal authority, especially complex and delicate problems are raised. Much was said in evidence before the Commission on the subject of planning. For these various reasons, then, the Commission feels that planning warrants a fairly detailed and comprehensive survey.

1. DISTINCTION BETWEEN CITY, THE METROPOLITAN AREA AND THE REGION.

In Chapter 1 passing reference was made to the distinction between the city, the metropolitan area, and the wider region. (This distinction is somewhat blurred by the local usage, which employs the word district to cover both metropolitan area and the region.) For planning purposes we consider "metropolitan area" to be somewhat wider than the Census Metropolitan Area, and to include the city, the built-up fringe communities just outside the city boundaries, and the rural or small-holding territory within a few miles of these built-up fringes.

The government of a metropolitan area is almost invariably divided among a number of municipal councils, and in this respect Edmonton and Calgary are typical examples of the general rule. Whatever other unity such an area may possess, a unity of government is not among them.

Yet, despite the political and administrative fragmentation, a metropolitan area is in many ways one community. There is a community of economic interest: people living in any part of the area may work in any other part,

the area as a whole is affected when industries move in or out, the city is the commercial and financial centre of the area, and a network of roads binds the whole together. The area is bound together also by its utilities, as when the fringe communities obtain from the city their telephone service and water supply; or when the company which serves the city with natural gas or electricity may extend outside the city limits.

There are also many social ties; for example, the outlying parts make use of the city schools, hospital and medical services; and cultural and recreational ties, as when the concert halls, theatres or sports stadia serve the entire hinterland.

Nor is the influence all one way, radiating outward from the city. The city is dependent upon the trading area, upon its "milk-shed", upon parks and other outdoor recreational facilities beyond its borders.

The unity of the area is also often taken for granted in the daily thinking of the people. Thus when he is away from home, amid the alien corn of Eastern Canada, the resident of Jasper Place or Bowness for example, will say that he comes from Edmonton or Calgary. The industrial concerns in the Municipal District of Strathcona similarly identify themselves by referring to their "Edmonton" plants.

Now, what is said above on the metropolitan area and its unity is true also, though sometimes to a lesser degree, of the larger region. Daily commuters to Edmonton come from as far away as Stony Plain, a distance of 25 miles. The city commercial, financial, and hospital facilities serve a whole region. The unity of the wider region for planning purposes has already been recognized by law, in the setting up of the district planning commissions. In the well-known phrase of John Donne: "no man is an island"; and it is just as true that no municipality within a district planning area is an island "entire unto itself."

The force of these basic considerations cannot be ignored or obliterated merely because it is difficult to draw a dividing line, which would be unanimously agreed upon, to separate the city from the metropolitan area, or the latter from the region, or the region from the far-flung territory beyond. Naturally it is not easy to draw these clear-cut lines, and the reason is not only that unanimity is rare in life, but even more because the community as

defined for one purpose is not the same as the community defined for another purpose.

There is always an arbitrary element about any political boundary. Local government boundaries, in particular, are usually drawn pragmatically with attention being paid to a number of factors: geography, population density, economic factors, transport and communication lines, financial capacity, a sense of community, and many others. Since all of these factors seldom indicate the same boundary line, it is all a matter of degree, of striking a balance, of saying "on the whole" here, or there, is the best place to draw the line.

The distinctions between city, metropolitan area and region are fundamental, and so too are the elements of community and interdependence which bind them all together. Both are especially important in a discussion of planning.

2. THE CASE FOR PLANNING.

It is scarcely necessary to argue the case for planning in this day and age, and in a province where law and practice alike testify to its public acceptance. Nonetheless a few general comments may not be amiss.

Whatever it may have been in the early days of the planning movement, planning today is far more than merely the "beautification" of the city's appearance. It is a matter of zoning, of the control of building and subdivision, of housing and the re-development of "blighted" areas, of long-range programmes of public works, of attracting and siting business and industry and providing them with facilities, of the efficient movement of traffic, of the setting aside of areas for recreation, and many other similar factors.

The gains from planning are manifold. They are economic, for example in the industrial expansion of the area, or the maintenance and enhancement of property values; financial, in that planned public works, incorporated in capital budgets, usually save the taxpayer money; while there are also many intangible benefits in the numerous amenities which planning promotes and maintains. In short, planning exists to make the community the "best possible" place in which to work, live and bring up families. The notion of what is "best possible" will change through time, but at any given

period the plan will be the resultant of a number of forces: of the planners' ideas, of what the council and the taxpayers want, and of what they are willing and able to pay for. Although planning may sometimes affect the individual adversely, there can be no doubt that it promotes the public welfare in general.

The need for zoning by-laws has long been recognized in Canada, but with the increasing urbanization of the country, planning has become more comprehensive and long sighted. Vancouver was almost alone in 1929 in having a city plan, but since then many cities and towns have looked into their future and have prepared or are preparing their master plans.

Planning involves not only the individual projects, but also their relation to one another. What happens in one municipality often has considerable effect on its neighbours, and so planning has recently come to take into account the wider metropolitan and regional areas. Before dealing with city and regional planning, it will be useful in the first instance to review briefly the legal foundation of planning in the province.

3. THE LEGAL BASIS OF PLANNING IN THE PROVINCE.

Until recently The Town and Rural Planning Act of 1942 as amended in 1950, constituted the planning statute of the province. The earlier Act had provided for town planning commissions, which were lay bodies, whose duty it was to prepare the official plan (known in Alberta as the general plan). These town planning commissions are still common in many parts of Canada. The 1950 amendment abolished these lay bodies, and replaced them by Technical Planning Boards, but provision was continued for lay citizens to play their part in the planning process, by appointing them to Planning Advisory Commissions and to citizen's advisory committees.

The present law is contained in The Town and Rural Planning Act of 1953, as amended in 1954 and again in 1955. Cities and other municipalities are authorized to prepare their official, or general, plan. While the plan is being prepared, which may take some years, the existing zoning by-laws may be suspended and replaced by "interim-development by-laws" of rather wider scope and stricter in their controls. Both cities had taken this action early, - Edmonton in 1950 and Calgary in 1952 - following the passing of the 1950 Act, and since these dates city planning has been enforced under authority

of the interim development by-laws. There is one difference between the procedure in the two cities, however: unlike Calgary, Edmonton did not set up a planning advisory commission, because a branch of the Community Planning Association of Canada had by that time been established in the city, and that branch carried out much the same functions which the advisory commissions were designed to fulfill. These advisory commissions continue in the towns of the province, however, where they are still regarded as necessary when a planning programme is being launched.

We should like to take this opportunity of commending the work of the Community Planning Association, in promoting a public interest in planning, and to urge that it be given wider support by the general public.

Some cities in Canada have town planning commissions of lay citizens with dual functions: to advise on planning and also to prepare the plan. But there are none in Edmonton and Calgary, thanks largely to the Bland-Spence-Sales Report of 1948 to the City of Edmonton, and the 1950 Provincial Act. The drawing up of a city plan is certainly much better done if it is left to a technical planning board. It becomes an integral part of civic administration, and the senior officials are aware of the full implications of the plan upon their departments, both in the drafting stage and in later administration of the plan. Moreover, since a plan can only be adopted by the council, the elected representatives of the people, the democratic safeguard is always present. As we shall see too, the Alberta planning legislation makes other provision for public participation in administering the plan.

The principle of the interim development control is not, of course, confined to the cities of Calgary and Edmonton, but applies also to the adjoining municipalities, and indeed to many other local authorities in the province. Its nature is as follows.

Municipal councils may, by resolution under Section 64 of The Town and Rural Planning Act, authorize the preparation of a general plan, by which "the development of the municipality should be carried out within a defined period of time". The plan must be based upon full surveys of the municipality and be drawn by "qualified persons". The proposals in the plan may lay down the various public and private uses to which land may be put in different parts of the municipality, the timing and cost of the various developments, and so forth. The completed plan has the force of law when it has been

adopted by by-law and approved by the Minister of Municipal Affairs.

It is obvious that a general plan, if it is to be based upon the necessary research and to contain the necessary detail, is not something that can be drawn up in a short time. Staff must be engaged and given time to become familiar with the locality, maps must be prepared, inventories of resources taken, and elaborate calculations of costs made. Moreover, time must be allowed during which council and the public may discuss the main features of the plan. Even if the plan has been adopted by the elected representatives, unless it has substantial support in public opinion the best laid plan can only be carried through with difficulty.

But in the interval, while the plan is being prepared, the life of the municipality must go on: buildings will be erected, streets laid out, and industries established. It would be a grave mistake to permit growth to take place in rapid and haphazard fashion, while splendid designs for the distant future are taking shape on the planners' drafting boards.

The sensible thing, therefore, is to rough out the main outlines of the plan - its objectives, the chief directions of anticipated municipal growth, the rough allocation of land as between different uses, and so on - and to ensure, as far as possible, that the growth taking place does not violate the main principles of the "outline general plan."

The purpose of interim development control is exactly that: to guide development along the lines of the outline plan. In the meantime a general plan itself is gradually taking more precise shape, and becomes known as the Evolving or Outline General Plan. The Act enables a municipality to apply to the Minister for an interim development order suspending any existing zoning by-law, and authorizing council to pass an interim development by-law, which comes into effect when approved by the Minister. Calgary, Edmonton and certain other municipalities have duly passed their interim development by-laws, to control development until such time as the general plans are completed and adopted. Edmonton is said to have been the first city in Canada to have adopted these interim development procedures.

The interim development order issued by the Minister, and the interim development by-law of council, together make up a powerful and flexible instrument of control. The Ministerial Order sets the date and the manner in

which control may be exercised by council, and prescribes the machinery of appeal against action taken under the by-law. Whereas under the old zoning by-laws only a building permit was necessary, the interim development by-law is stricter in its control. For example, under the Calgary interim development by-law, (No. 4271 of 1952), an application for a building permit is made in the first instance to the building inspector, who can only grant it after a development permit is granted by the technical planning board. There are some simple exceptions to this procedure; for instance, the building inspector himself can grant the building permit, in an "approved" one-family zone. In that way, routine permits do not need to come before the board.

The Act authorizes a number of other functions which must be noted before judgment can be passed upon the adequacy of existing planning legislation.

One of these is the control of subdivision within the province, a subject treated in more detail below. The Provincial Planning Advisory Board administers the subdivision regulations and acts also as an appeal body from the municipal authorities or District Planning Commissions for purposes of subdivision control.

Secondly, the Provincial Planning Advisory Board acts as a final appeal body, in many other types of cases, mostly zoning, where it has been assigned such duties by a municipal by-law.

During the years 1951-54, the Board heard and handed down rulings on some forty-eight cases in the two metropolitan areas. Twenty-five of these were from the city of Calgary, thirteen from the city of Edmonton, three from the Calgary District Planning Commission, and the rest from Bowness, Jasper Place and the municipal districts of Strathcona, Leduc and Springbank.

The subject matter of the appeals consisted of a few subdivisions, as well as parking lots, drive-in theatres, basement suites, etc. They include some cases where permission was sought for a "development", others where objection was taken to the project by nearby residents.

Public hearings are not mandatory and are not usually held, but the Board studies the submissions in the case and hands down a written order which is final.

A third function authorized by the Act is the furnishing, by the Director of Town and Rural Planning, and his staff, of technical planning services to municipal councils throughout the province. Long range general plans have been prepared, or are in preparation, for some twenty-five towns, based upon estimates of population, and looking ahead for 15 to 20 years. The evidence is that the Act provides "the first opportunity for a complete trial of small town planning on this continent". Although such planning service is not, in itself, of direct concern to this Commission a number of lessons may be learned from the experience of small town planning which are also useful in throwing light on problems of city and regional planning.

The towns and villages within the five District Planning Commissions secure their technical assistance, not from the Director of Town and Rural Planning, but from the staff of the respective District Planning Commissions which are described below.

4. OTHER PLANNING CONTROLS IN THE PROVINCE.

Nearly all planning rests upon control of the uses to which land may be put. It is especially important to keep this in mind in any consideration of the problems of metropolitan or regional planning. Zoning and sub-division regulations, development and re-plotting schemes, the setting aside of recreational or industrial areas, the prevention of ribbon development on highways, are all examples of the control of land use.

Before any comments are made on city planning or the work of District Planning Commissions, other planning controls must be described, as least briefly.

(a) Highway Control

The Department of Highways, in its planning aspect, is concerned with insuring that the highways fulfill their main purpose of permitting the flow of traffic. Measures to achieve this end are taken under Section 25 of The Public Highways Act. Regulations under the Act are contained in Order-in-Council 1093-53. The highway controls were formerly exercised by the Department of Municipal Affairs, but were transferred to the Department of Highways by The Town and Rural Planning Act, 1953.

The method by which highways are kept free of indiscriminate building, and thus maintained for the traffic flow, is by regulating "development" on both sides of "controlled highways." The Regulations list the highways which

are "controlled", and set the control line at 2,000 feet on both sides. These "controlled" highways are also "limited access" highways, under the Regulations, and commercial and other structures requiring access to the highway, may not be erected along such highways without a permit from the Minister of Highways; signs and signboards are also regulated. The Minister may issue the terms and conditions on which a permit is granted. There is no appeal.

If any development is within 2,000 feet of a controlled highway a Department permit is necessary, and is granted subject to engineering and traffic considerations relating to drainage, location, blind entrances, traffic congestion, and "set back" of buildings. The Department is not concerned with general planning purposes, the control of which is left to the local municipal authority.

The application of the St. Albert Trail Auto Mart illustrates a deficiency in highway control. The applicant requested a permit to establish a used car lot one-half mile north-west of Edmonton. The council of Morinville Municipal District allowed an appeal from the refusal of its interim development board despite the previously expressed view of the Edmonton District Planning Commission which claimed that a used car lot was not a proper highway use. The Department of Highways, acting within its powers, granted the permit without further reference to the Edmonton District Planning Commission. Unless three separate bodies - the Department of Highways, the Municipality concerned, and the District Planning Commission - can voluntarily unite to prevent it, (which did not happen in this case) ribbon build-up is still possible.

Municipalities may of course zone land adjacent to highways, as they may zone any land. But this does not necessarily limit the number of businesses which may have access to the highway, except insofar as the size of the zone itself may be said to set a limit on the number. It is not even certain that a municipality has the legal authority to group highway businesses together, and compel them to use a common access, although some municipal by-laws contain these provisions. The control of ribbon development is thus far from complete.

(b) The "two mile rule".

When subdivision into less than five-acre parcels takes place within two miles of a city, town or village, then the application to subdivide may be referred to the urban council for its recommendation. The council recommendation need not be followed however, since it is only advisory. Control of fringe growth by the city outside its borders, so far as it rests on this "rule", is thus obviously ineffectual. The city has no extra-territorial planning powers. (If the parcel of land to be subdivided adjoins a controlled highway - regardless of the distance from the city - it comes under the subdivision regulations of the province).

The two mile rule was not of course involved in the affair of the St. Albert Trail Auto Mart since subdivision was not involved: it was a case of the use of land already in a four-acre title.

(c) Subdivision Regulations.

Subdivision regulations are made under two Acts - the Surveys and Expropriation Act, s. 6, and The Town and Rural Planning Act, ss. 7,9,25.

To be more precise, there are both Subdivision and Transfer Regulations, the former applying when subdivision is "by a plan of survey", and the latter when it is "by description". They are identical, except for procedures to be followed in making application for subdivision approval. (In the case of Subdivision Regulations the approval of the Director of Surveys is also required, before the plan can be registered in the Land Titles Office).

The Provincial Planning Advisory Board - by means of the Subdivision Regulations - has designated the technical planning boards of the two cities to be the approving authorities for subdivision within these cities. In the case of other municipalities outside of the city, having membership in a District Planning Commission, the Planning Commission is the designated approving authority.

The District Planning Commissions, in controlling the spread of subdivisions into farm lands must rely on the existence of such provisions in the general plans or zoning by-laws of the member municipalities. The effective instrument is thus the municipal by-law, more particularly since there is nothing to prevent any municipality from withdrawing from the District Planning Commission and altering its zoning by-law.

Appeals may be taken, by the subdivision applicant, from the approving authority to the Provincial Planning Advisory Board. The Board does not enforce conformity to a general plan, whether of a municipality or of a District Planning Commission, but with the technical subdivision regulations (e.g., regarding layout, and suitability of the land) and even those it may waive at its discretion without the recommendation of the approving authority - as happened in the case of the "Campbelltown" townsite. Some provisions may not be waived however, namely, those relating to subdivisions adjacent to highways, or the reservation of land for public purposes.

A general plan, or a zoning by-law, may contain provisions limiting subdivisions - for example, prohibiting subdivision in certain areas of land into parcels smaller than 20 acres. But, if an individual municipality does not wish to conform to the general district plan, the District Planning Commission (where it is the approving authority) cannot do other than approve of any proposal to subdivide. The Provincial Planning Advisory Board would also be quite within its legal rights in giving similar approval although it also could refuse approval. The enforcement of a general plan, whether inter - or intra - municipal, thus depends entirely on the willingness of the municipality or the Provincial Planning Board to enforce it. Since the policy of the Board is not to overrule the municipality, in practice the control of the spread of subdivisions into rural areas depends entirely on the willingness of the individual municipality.

Cancellation in whole or in part, of subdivision plans is effected by order of the Board of Public Utility Commissioners. In general terms to subdivide means to divide a larger parcel of land into lots for homes or business purposes or small holdings. A plan of subdivision may lie dormant for a long time, and the project may not be proceeded with, i.e., the "development" may not take place. The cancelling of the original plan of subdivision is usually undertaken to restore the whole subdivided area to its original use, such as agriculture, or to some other type of land use, for example, a large industrial site; or else to consolidate a number of subdivided parcels in order to provide for a different land use. After due notice of an application to cancel, the Public Utilities Board holds a hearing, considers the evidence for and against, and makes an order. The Board may refuse the application, or may grant it, with or without conditions attached. For instance, some of the lots in the subdivision may be separately owned, and the

owners may be granted compensation, either in cash or by awarding title to a lot or lots elsewhere of at least the same value. More often than not, the application to cancel a plan of subdivision is made by the municipal authority.

"Replotting" is quite different from cancellation, and is initiated by a municipal authority under the provisions of The Town and Rural Planning Act, 1953. Replotting can only be effected by the municipality if the scheme is consented to by the owners of at least sixty percent of the number of parcels affected by the scheme, and by owners of at least sixty percent of the assessed value of the land. A replotting scheme is thus difficult, if not impossible to achieve, unless the local authority owns a substantial quantum of the lots in the subdivision, and in addition can secure the consent of enough of the individual owners of lots to make up the sixty percent in number and in assessed value.

It would seem that replotting schemes are often designed to get away from the drab gridiron plan which has obtained for so many years, and to substitute a more attractive plan, with larger lots, with wider streets arranged crescent-wise, more open spaces, and the like.

Non-consenting owners are entitled to compensation if they can establish damage within the prescribed limits as set out in the statute. The Public Utilities Board fixes a date for the hearing of applicants for compensation and after hearing evidence makes its award. If the local authority owned all of the lots in the subdivision it could proceed by applying for cancellation of the subdivision, whereby the land would revert to its original status and, then, subject to existing subdivision regulations, the local authority could file and register a new plan of subdivision.

5. PLANNING MACHINERY IN THE TWO CITIES.

The adequacy or defects of the legal and other machinery of planning will perhaps be better appreciated if some note is taken of city planning and then of the metropolitan and regional aspects of planning. Recommendations will emerge more convincingly from the discussion of the problems.

Like all cities, the Calgary of today has inherited certain problems from an earlier period. During the land boom of 1908-12, areas were subdivided as far as four miles beyond the city limits, and later with the collapse of the boom much of the subdivided land, after cancellation of

the subdivision plans, reverted to agricultural holdings both within and without the city. The lots were usually only 25 feet wide; and in order to make the most use of expensive land in the downtown area, the streets laid out were often narrow, thus contributing unknowingly to the traffic problems of the present day.

During the land boom too, building took place at the city periphery - both inside and outside the boundary - in spite of the fact that there was ample room nearer the heart of the city. Here, then, was the beginning of the "fringe areas", particularly the areas which later became the towns of Bowness and Forest Lawn.

The tendency for suburban clusters of settlements to spring up at and beyond the city limits was moreover contributed to by city policy embodied in the Ogden Shops Agreement, and the Bowness and Shouldice Park Agreements. (See Chapter 6 Finances of the Two Cities, and Chapter 10 Assessment and Taxation). The area of the city by 1912 was some 40½ square miles, accommodating a population of slightly more than 40,000, an area which was not exceeded until 1951 when the population was 129,060.

The unrestrained optimism and speculative fever of the early days was not guided by any comprehensive city planning. A city planner, Thomas R. Mawson, was indeed engaged in 1912 and a plan was drawn up. But it was largely ignored, in the interests of rapid growth and because of the onset of war, and little or no attempt was made by civic legislation to control development along the lines laid down in the Mawson Plan.

During the twenty years between the two world wars, the city was preoccupied with financial rather than planning problems. The chief instrument of control over such growth as occurred was by means of a zoning by-law. The post-1945 period witnessed an extra-ordinary increase of population in the city and adjoining areas, and this in turn gave rise to acute problems of housing, school and civic financing, traffic, and the expansion of civic utilities. The wisdom, indeed the necessity, of controlled and orderly expansion became much more apparent. Planning came much more to the fore; a Town Planning Department was set up in 1950 and other planning machinery established, replacing the earlier town planning commission and the inadequate zoning by-law.

As in Calgary, so in Edmonton, the city had a large legacy of planning

problems from an earlier period. There was the same tremendous expansion and speculative land boom in the years before 1914, and when the boom collapsed there was the same reversion of many lots to agricultural parcels, and to the city through tax delinquency. Building was often scattered in nature, with many empty lots and space. There was the same preoccupation in the thirties with city debt and refunding. The early attempts at planning were by means of the familiar device of the zoning by-law and the town planning commission.

The tremendous expansion of the post-war years gave rise, too, to the same urgent need to guide development. Planning consultants were called in, and following the Bland-Spence-Sales report of 1948 a Town Planning Department was organized in 1949. Edmonton was one of the first cities in the west to launch a comprehensive programme of municipal planning.

The planning function of municipal government was subsequently greatly enlarged in both cities, following substantially the same pattern in both. It will be useful to sketch the planning organization for the cities, as it has taken shape in the last few years.

First, there is the city planning department, comprising the technical planners and the draughtsmen, headed by the Town Planner.

Second, There is the technical planning board, a body that requires some description.

The Edmonton technical planning board, set up in 1950 by By-law 1534, consists of the mayor, a city commissioner, the city solicitor, the city engineer, the medical officer of health, the town planner, the building inspector, the city architect, and the superintendent of parks and playgrounds, to which council members may be added from time to time. The board is thus composed chiefly of officials, with councillors, and not of technical planners. Before they can become effective the planners' proposals must first run the gauntlet of criticism from council members and senior officials on the technical planning board, and later must be adopted by the elected council itself. For example, no change in the use classification of land can be made without the approval of council, and again, all zoning regulations of substance are duly advertised, and citizens may also carry appeals as far as the Provincial Planning Advisory Board. Moreover, every citizen can exercise his normal democratic right to protest to council on planning as on all other matters.

The Calgary technical planning board, set up by By-law No. 4237 in 1951, is composed along the same lines, except that it does not have among its members the building inspector and city architect but does have the land superintendent, the city assessor and, as ex officio members without a vote, the superintendent of each of the city's utilities.

The technical planning board has a number of functions. It has the duties of preparing the general plan for the city and the zoning by-law to implement it, to advise on planning and to promote public interest in planning. Some of these duties, especially those of a more technical nature, may be delegated to the town planner. Other functions may be delegated to the board by the council, except the power to raise money or expropriate land. The board itself is responsible for insuring that development in the city conforms with the general plan that is under preparation. For example, it is the approving authority for subdivisions.

Third, there is in Calgary a Planning Advisory Commission, made up of councillors and citizens at large, thus insuring a certain amount of public participation, and hence perhaps confidence in the planning process. This is especially important in the early stages of comprehensive planning, since the chief function of the Planning Advisory Commission is to act as an appeal body from the rulings of the technical planning board. Appeals are heard in public.

The Planning Advisory Commission cannot alter a decision of the technical planning board, unless the Commission is unanimous; a provision which gives considerable power to the board. Appeals may be lodged regarding a development scheme, a permit of any kind, or a subdivision.

The corresponding part of the machinery is slightly different in Edmonton. Instead of the Planning Advisory Commission, there is an Interim Development Appeal Board which performs the same appeal function. (By-law No. 1339).

Appeals may be taken to the Edmonton Interim Development Appeal Board by anyone who has been refused a development permit. In cases which concern the use of land for business purposes in a business zone in Edmonton, a still further appeal may be carried to the city council. (An extension of appeals to council is being considered).

In other municipalities, which lack the elaborate organization of the two cities, the council is normally the appeal body, against a decision of its interim development board. There is no such appeal to the city council in Edmonton or Calgary, except in Edmonton for the business use of land or buildings as already noted. The other municipalities in the two areas have also passed interim development by-laws, with the exception of the town of Bowness, which operates under building and zoning by-laws serving the same purposes.

Fourth, and finally, there is the Provincial Planning Advisory Board, consisting at present of the Minister of Municipal Affairs, the Deputy Minister, and the Director of Town and Rural Planning, which acts as the board of final appeal.

In the cities, therefore, appeals against the technical planning board may thus be taken first, in Calgary to the Planning Advisory Commission or in Edmonton to its equivalent; and then to the Provincial Planning Advisory Board for final determination.

Mention should also be made of another part of the administrative planning machinery - the citizens' advisory committees. Calgary has two advisory committees, on thoroughfares and on zoning. Edmonton has an architectural panel which approves the positioning of houses on lots, and the relation to neighbouring houses, in restricted zones. It is composed of four architects, an engineer, a real estate agent, an assessor, with about only half the members being city officials. Appeals may be taken to the Interim Development Appeal Board. Calgary has no architectural panel.

Once the city has adopted its interim development by-law (or, eventually, its general plan) the council may classify or zone land for different purposes, agricultural, industrial and other; may make it available for development or may reserve it. Development schemes may be prepared, which come into force when adopted by by-law and approved by the Minister. Land may be expropriated for public use, subject to compensation; zoning by-laws may be passed, "non-conforming" buildings and land uses may be controlled.

It is clear therefore, that the cities and adjoining municipalities are individually equipped with wide legal power to plan and to carry out their plans within their own boundaries, if they wish to do so.

Between November 1950 and December 31, 1954 the Interim Development Appeal Board of Edmonton heard some 803 appeals, of which 492 were granted, with or without conditions, and 200 refused. The remainder were withdrawn or otherwise disposed of. Some 25 appeals, in the same period, went for disposal to the Provincial Planning Advisory Board.

6. THE ACTUAL CONTENT OF CITY PLANNING.

Planners have described the general form of the city of Edmonton as "an unholy mess" up to the time when the Town Planning Department was established in 1949: lot widths were the same (usually 33 feet) for all uses, little advantage had been taken of the possibilities of contour planning for roads, downtown buildings were mainly of one or two storeys - wasteful of centrally located land - central housing areas were being hardpressed by commercial expansion, main highways, especially at intersections, were often built up without regard to traffic safety or parking facilities, industry and commerce were mixed up with residential housing, large empty areas of land were scattered among the solidly built-up areas, streets were laid out on the familiar but monotonous grid system, often with no reference to topography.

Partly because of planning policy, and partly because of pressure for land, the empty areas gradually filled in. Housing was encouraged on the "neighbourhood" principle, to break the monotony of the grid system and to provide quieter and pleasanter sub-communities in which to live. In all, some thirty-nine such neighbourhood units have been projected, each housing from two to five thousand, of which twenty are substantially completed.

Each neighbourhood unit has an elementary public school and each four units a junior high school, and a separate school. Development of the units was made easier by the fact that much of the land was city owned, having been acquired by the city by tax default many years ago. Standard allowances for parks and recreational areas have been laid down - eight acres for each neighbourhood unit, forty-eight acres for each "district".

In both Edmonton and Calgary the present system of residential zoning is based on the family and the storey. Zones are prescribed for one-family dwellings, two-family dwellings, three-storey multiple dwellings, and six-storey multiple dwellings. In short, it is one of the common, though not widely known examples of the influence of the United Stated on Canadian

local government. In some areas of both cities the system has broken down - largely as a result of building programmes being retarded during the war years combined with the marked influx of population then and afterwards.

More recently the Edmonton Town Planner has challenged the present system and has come forward with a new proposal to compute residential zoning on density, or dwelling units, per net residential acre. Its basis is a consideration of living space per person, taking into account all health, fire, sanitary, and building code regulations. What he proposes is seven new residential zones, varying from the present one-family zone, to apartment living with an many as 90 to 175 persons per acre. Thus far the Edmonton city council has not dealt with these proposals. If they should ever be adopted, the population which could be accommodated in the same land space might be greatly increased.

For planning purposes, business within Edmonton has been divided into three types, each in a different location. (1) the dominating downtown area; (2) the other extreme, the small local shopping center, up to a dozen shops or so, to serve the convenience of each neighbourhood, and now usually erected on land which has been sold as an integrated unit; and (3) the district shopping centers, on a much larger scale, and serving up to 10 neighbourhood units. These are equipped with elaborate parking facilities and require large capital financing.

The downtown area too, where the business district is expanding both upwards and sideways, has been subject to controls, so that it is now growing in an orderly manner: the permits require parking facilities, specify maximum and minimum height regulations and, where necessary, off-street loading, as in nearly all cities, a population shift is gradually taking place. The city census shows a steady annual decline in the population of the downtown areas and older districts, both on the north and south side of the river, and a rise in the areas of better housing accommodation further out.

Indiscriminate industrial dispersion has been to a great extent remedied, or is on the way to being remedied; and industry is now being centred in three large industrial areas - to the northwest, the north and the southeast and each is separated from residential areas by buffer strips; from arterial roads by service roads; and amenities such as lawns and landscaping have been introduced by industry itself.

Recreation areas are also divided roughly into three types:

(1) General, which takes in the river valley traversing the city from southwest to northeast and which contains a large area of city parkland, golf courses, and the projected new city zoo.

(2) The neighbourhood "district" recreation plans include six "district" parks, and playing areas; and

(3) The local level, where each neighbourhood has eight acres in all for recreation.

Senior governments have a special responsibility for capital cities, if only because there are so many government buildings in the capital. In Ottawa, for example, the federal and provincial governments, as well as the municipal council, are drawn into close co-operation with the famous National Capital Plan. In Alberta too, provincial and federal co-operation with Edmonton city planning is essential, for instance, in any scheme which may be devised for a government centre. A new city hall is being erected, with a central park and parking area around it, the whole forming a new, and perhaps long overdue, civic centre.

A general highway plan - affording only limited access to the housing units - has been adopted; truck routes have been mapped and posted, a new cross river bridge is being completed, and other bridges are planned.

The other indispensable part of a planning program is the capital expenditure involved, and this too is now planned by bringing utilities and public works within a long range capital budget. (See also Chapter 6).

The General Plan for Edmonton has now been nearly completed, and it is expected that it will be adopted in the near future, after which it will be duly enforced by by-law. When that happens the period of interim development control will come to an end. The Calgary Plan is also being rapidly pushed forward, although its completion is not so imminent as that of Edmonton. Meantime residential zoning on the "neighbourhood" principle has been adopted.

In the short period of five years, planning in the two cities has produced lasting and beneficial results, and has demonstrated the need for continued application of sound planning principles.

7. PLANNING IN THE METROPOLITAN AREA AND IN THE REGION.

No matter how excellent the plans of one municipality may be, unless they are co-ordinated with the plans of adjoining municipalities, the planning of the area as a whole may suffer. The plans and action of one municipality can hardly fail to affect development in adjoining jurisdictions.

When the needs of a metropolitan area have become obvious and pressing, they have traditionally been met by the creation of ad hoc authorities. Thus in Montreal there is the Metropolitan Commission dealing with the finances of the whole area, in Greater Winnipeg there are the common Sanitary District and the common Water District, in Greater Vancouver the Joint Sewage and Drainage Board and the Common Water District, in Greater Victoria, water supply, civil defence, schools, main hospitals, health department and public libraries are all on some form of statutory joint municipal basis. In all of these areas there are signs that still closer arrangements may be made, while in the Toronto area a great pioneering step was taken with the establishment of the Metropolitan Council. There the ad hoc arrangements have been abandoned, and the government of the area is on a federal basis similar to that of the London County Council with its 28 constituent boroughs.

The Calgary and Edmonton metropolitan areas are in one important respect different from such large conurbations in that, locally, the central city is overwhelmingly dominant in its area - in population and in range of civic utilities. The ad hoc arrangements thus made to provide certain basic services such as water, are not jointly administered, but where they have occurred the city has sold the commodity or service to the outside municipalities. Although there are no statutory joint bodies providing service as in many other metropolitan areas, there are however joint planning bodies, known locally as District Planning Commissions.

The Town and Rural Planning Act (s. 10) provides for the setting up of a District Planning Commission by Order in Council, upon the application of two or more municipalities, and on the recommendation of the Provincial Planning Advisory Board. The initiative, that is to say, rests with the local councils. The Order, and the regulations thereunder, prescribe the membership, area, representation and financing of the District Planning

Commission. Five such Planning Commissions have been set up in the province - at Calgary, Edmonton, Red Deer, Medicine Hat and Lethbridge. These joint planning organizations are concerned not only with the metropolitan area but also with the wider region. A consideration of the Calgary District Planning Commission will show the characteristics of this form of inter municipal planning organization.

(a) The Calgary Area

The Calgary District Planning Commission was duly set up in 1951, (O.C. 1033). The municipal membership has altered somewhat since then, more particularly as an outcome of the work of the Co-terminous Boundary Commission, following which a large new municipal district - the Calgary Municipal District No. 44 - has now been set up, comprising the former municipal districts of Springbank and Conrich, and taking in as well the rural portion of the former Local Improvement District No. 46, and small portions of the municipal districts of Serviceberry, Kneehill and Mountain View. Altogether the new municipal district comprises 49.6 townships with a population of 15,277 (1951 Census). Membership in the Calgary District Planning Commission has been adjusted accordingly. The present membership is as follows:

> The city of Calgary, the towns of Bowness and Forest Lawn, the Village of Cochrane, the municipal districts of Calgary No. 44 and Foothills No. 31, Local Improvement District No. 46 (the hamlet of Montgomery), Local Improvement District No. 946 and the province.

Each local authority appoints a councillor (with alternate) on the Planning Commission, while the Provincial Planning Advisory Board appoints three representatives, (one each from the Departments of Highways, Education and Municipal Affairs). The representative of the Local Improvement Districts is also from the Department of Municipal Affairs. Each representative has a single vote, regardless of the population of the municipality represented.

A Chairman is chosen by the Planning Commission annually, and monthly meetings are held, normally open to the public. A secretary-treasurer is appointed and technical staff engaged. A feature of the Calgary District Planning Commission, which is unlike that in the Edmonton area, is that its technical staff is "pooled" with that of the city of Calgary planning staff -

both staffs working as a unit in the same office, on both city and district matters, both under the direction of the town planner who also doubles as the director of the District Planning Commission. This arrangement no doubt has some advantages of convenience, especially in the earlier stages, when the staff of the District Planning Commission is small. But there may be a tendency for the planning to be dominated by city interests, which could in turn lead to friction with other local authorities. The staff may also be subject to divided loyalities, since city and district planning functions are different in some ways, and may conflict. The present Calgary organization works well enough, but as the experience of Edmonton has demonstrated, member municipalities may not always see eye to eye. For that reason it may be wiser to make a clear distinction between the planning staff of the city and that of the Calgary District Planning Commission.

Each year a budget is prepared and submitted to the Provincial Planning Advisory Board and to the constituent municipalities; and subject to the approval of the Board and the majority of the municipalities, the estimated expenses of the Planning Commission are met in the following proportions:

(1) by the province 50%
(2) by the city of Calgary 25%
(3) by the remaining municipalities .. 25%

The third item is distributed among the municipalities in such proportions as the Planning Commission itself find equitable, taking into account relative assessment figures, the amount of work likely to be required on behalf of a member, and other factors.

The planning area of jurisdiction of the Planning Commission is that area embraced by all its local authority members. The boundaries are not equi-distant from the city, but extend as far as the gates of Banff National Park on the northwest, and some 50 miles on the south. The planning area must therefore be regarded as regional, as well as metropolitan. For that reason, it has been suggested that a number of nearby towns and villages should also be members of the Planning Commission. The suggestion has merit, especially if at any time the development of one or more of these towns as satellites should be considered. The chief obstacle to the admission of these towns in the past was a shortage of planning staff to give them the

advisory planning services which they might reasonably require. Charts No. 1 and No. 2 attached show the Calgary Planning District, and the organization of the Calgary District Planning Commission.

The statutory duties of the District Planning Commission are: (a) to study and prepare a General Plan for the planning area, and (b) to advise and assist member municipalities with their planning problems, including their development schemes, subdivisions, zoning and building by-laws. Other duties may be assigned to it by Order in Council, or may be delegated to it by a member municipality. No municipality has delegated any executive power to the District Commission, but by Order in Council it has been made the approving authority for subdivision plans within its territory except within the city of Calgary itself. The reason for this is that the Planning Commission has qualified technical staff while the municipalities, other than the city, have not. The city, on the other hand, has its own technical staff.

The District Planning Commission also acts as the appeal board for the local improvement districts, which of course have no council or interim development board. (A local improvement district in Alberta is an "unorganized" rural territory, generally with marginal land and a low population density, which is directly administered by the Department of Municipal Affairs). As already mentioned, the appeal board in the other municipalities is normally the council, and in Calgary is the Planning Advisory Commission.

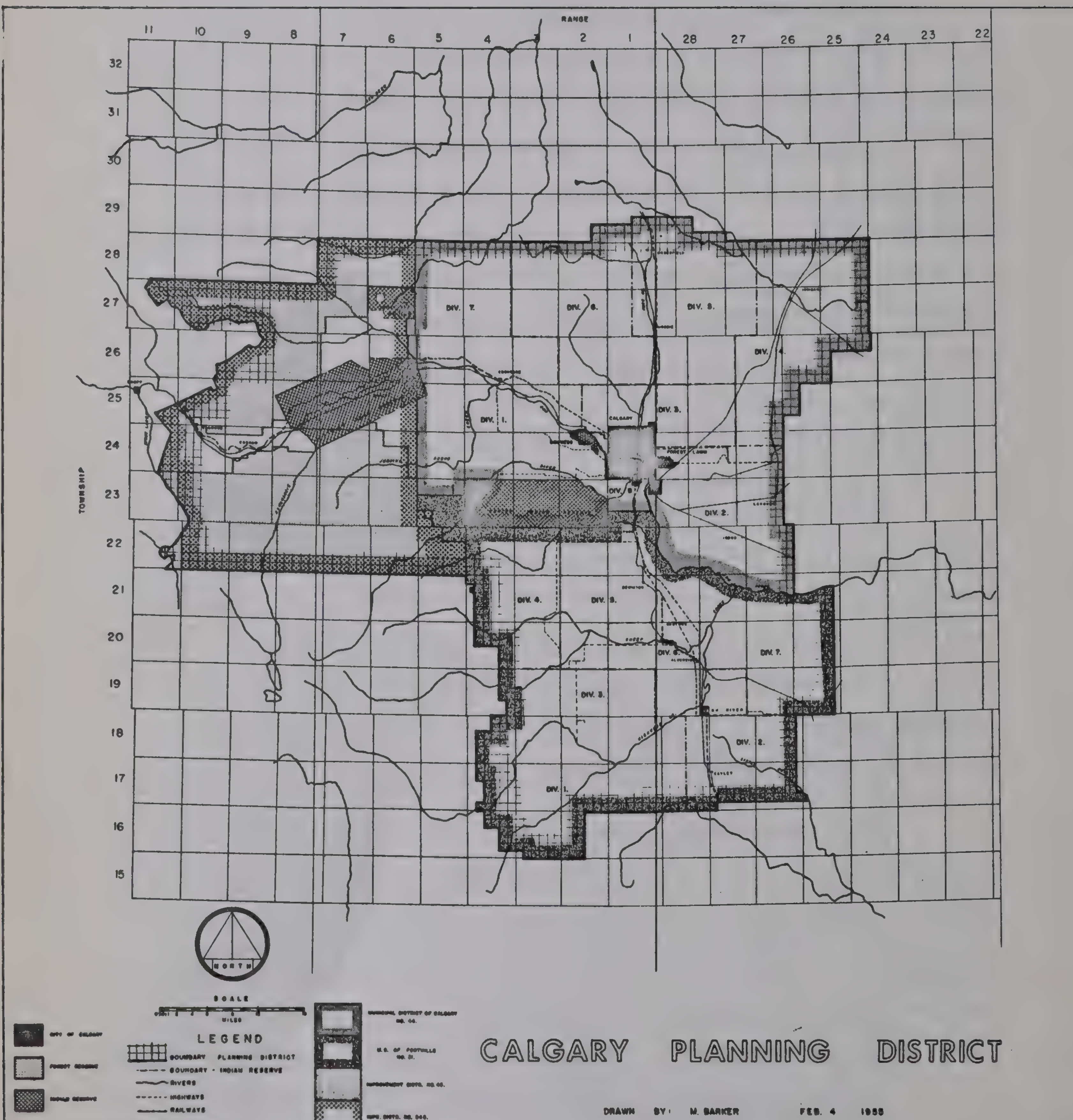
Since 1951 the District Planning Commission has worked on the preparation of a General Plan for the area, with immediate emphasis on the area close to the city where problems are more acute. The District General Plan itself is not yet completed, but useful studies have been made, and are incorporated in two publications of the Commission:

(1) Objectives and Survey Program for the General Plan, April 1952.

(2) An Outline Report on Land Requirements for Housing the Metropolitan Population 1953-1981, July, 1953.

These serve the same purposes as the Outline General Plan which has been drafted for the Edmonton area - i.e., they serve as a guide to the administration of the various interim development by-laws (and the Bowness zoning by-law) in so far as these by-laws touch matters of common interest.

CHART. 1.



RANGE
TOWNSHIP
DIV. 1.
DIV. 2.
DIV. 3.
DIV. 4.
DIV. 6.
DIV. 7.
DIV. 8.
CALGARY
NORTH
SCALE
MILES
LEGEND
BOUNDARY PLANNING DISTRICT
BOUNDARY - INDIAN RESERVE
RIVERS
HIGHWAYS
RAILWAYS
DIVISION - BOUNDARIES
CALGARY PLANNING DISTRICT
DRAWN BY: M. BARKER
FEB. 4 1955

CHART. 2.

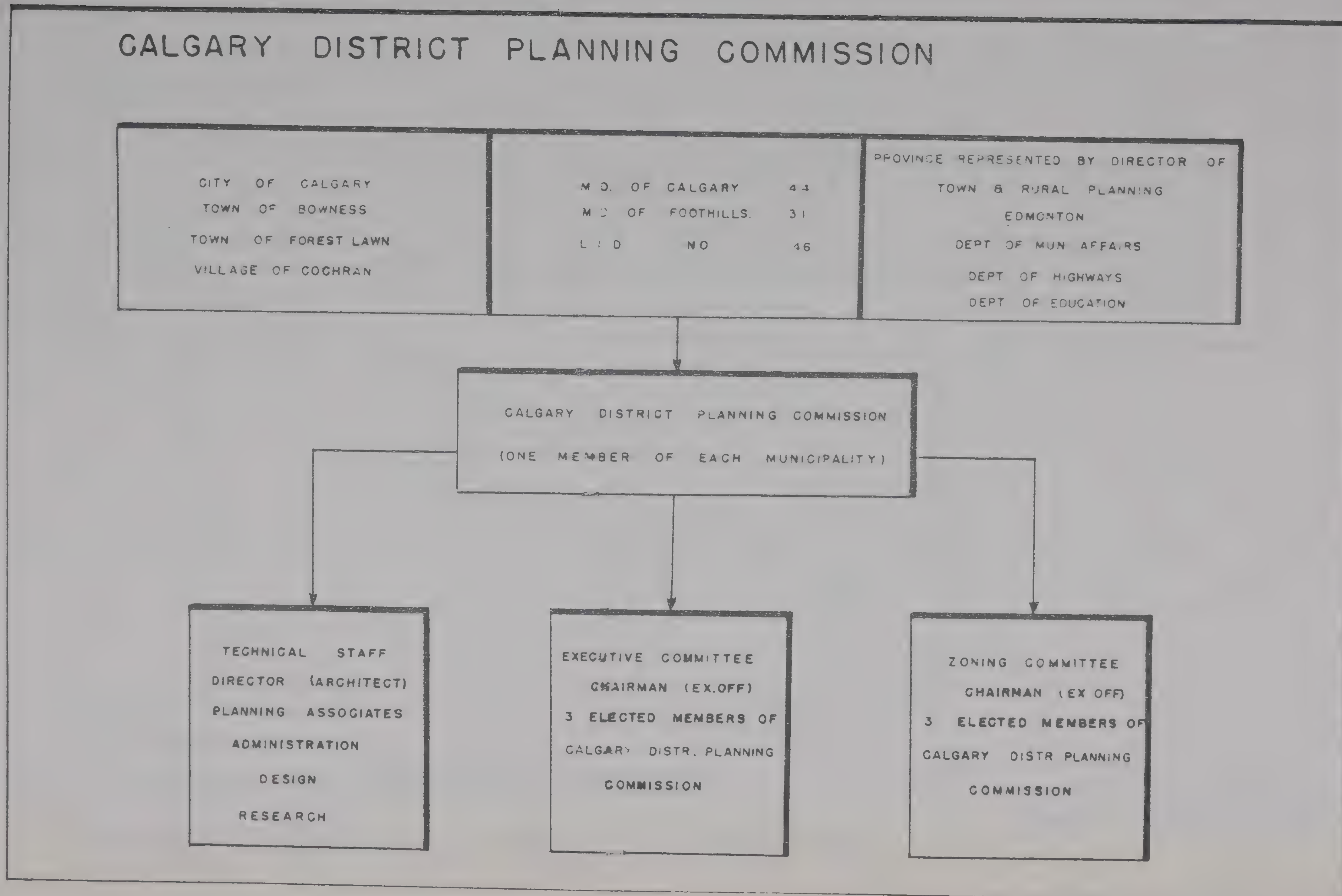
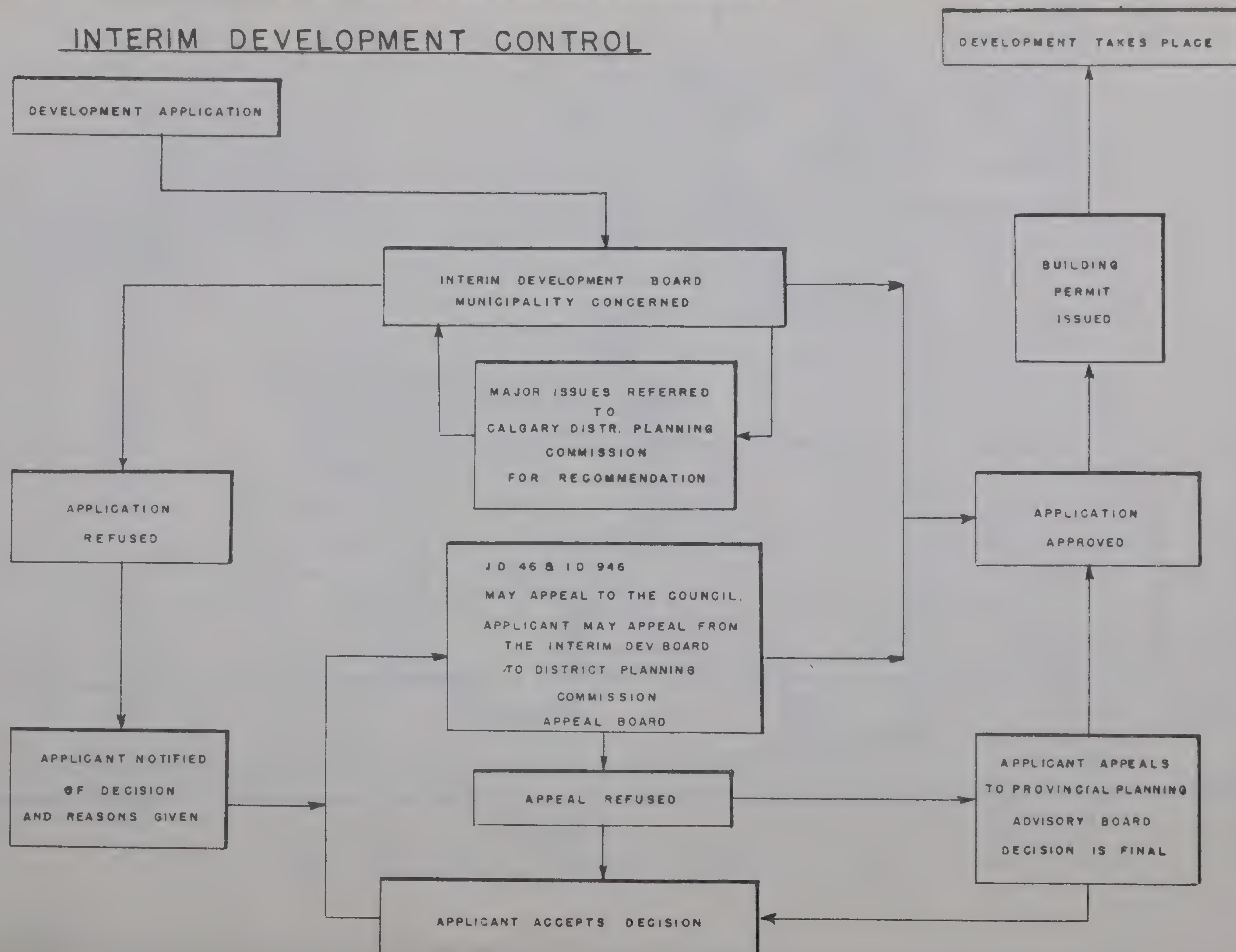

CALGARY DISTRICT PLANNING COMMISSION
CITY OF CALGARY
TOWN OF BOWNESS
TOWN OF FOREST LAWN
VILLAGE OF COCHRAN
M.D. OF CALGARY 44
M.D. OF FOOTHILLS 31
L.I.D. NO 46
PROVINCE REPRESENTED BY DIRECTOR OF
TOWN & RURAL PLANNING
EDMONTON
DEPT OF MUN AFFAIRS
DEPT OF HIGHWAYS
DEPT OF EDUCATION
CALGARY DISTRICT PLANNING COMMISSION
(ONE MEMBER OF EACH MUNICIPALITY)
TECHNICAL STAFF
DIRECTOR (ARCHITECT)
PLANNING ASSOCIATES
ADMINISTRATION
DESIGN
RESEARCH
EXECUTIVE COMMITTEE
CHAIRMAN (EX.OFF)
3 ELECTED MEMBERS OF
CALGARY DISTR. PLANNING
COMMISSION
ZONING COMMITTEE
CHAIRMAN (EX OFF)
3 ELECTED MEMBERS OF
CALGARY DISTR PLANNING
COMMISSION

CHART. 3.

CALGARY DISTRICT PLANNING COMMISSION

INTERIM DEVELOPMENT CONTROL



EDMONTON DISTRICT PLANNING COMMISSION

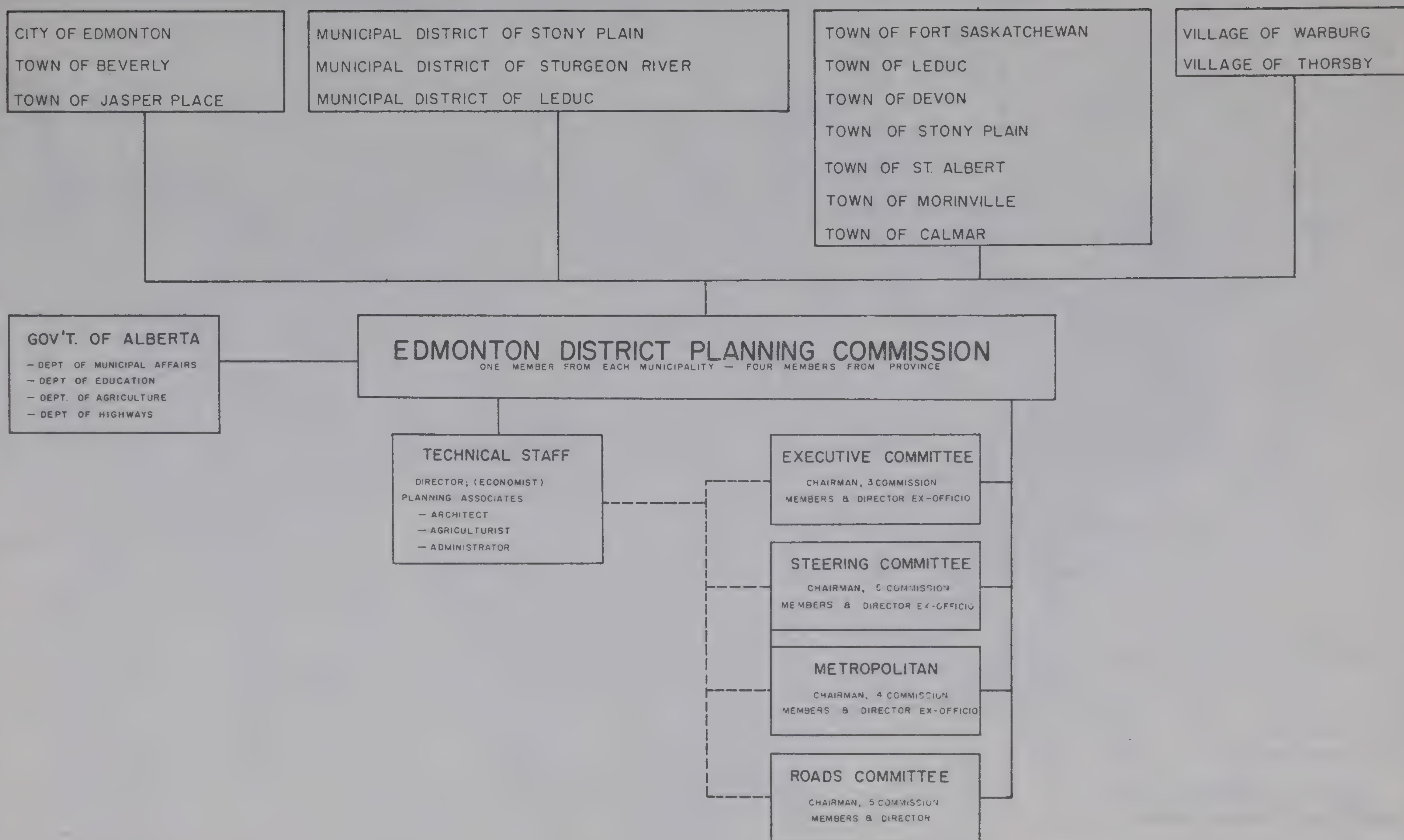
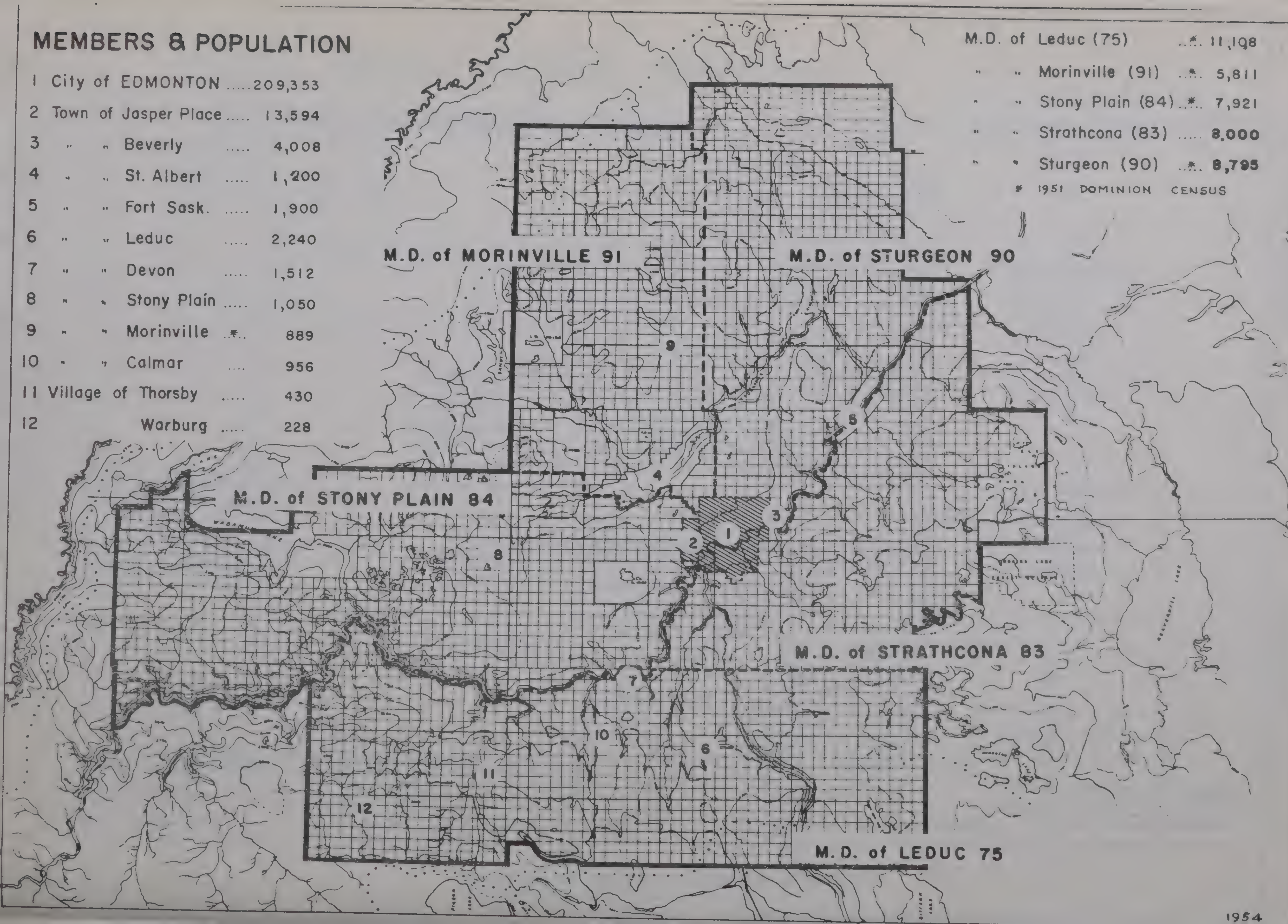


CHART. 4.

CHART 5


MEMBERS & POPULATION
1 City of EDMONTON 209,353
2 Town of Jasper Place 13,594
3 " " Beverly 4,008
4 " " St. Albert 1,200
5 " " Fort Sask. 1,900
6 " " Leduc 2,240
7 " " Devon 1,512
8 " " Stony Plain 1,050
9 " " Morinville * 889
10 " " Calmar 956
11 Village of Thorsby 430
12 Warburg 228
M.D. of Leduc (75) * 11,198
" " Morinville (91) * 5,811
" " Stony Plain (84) * 7,921
" " Strathcona (83) 8,000
" " Sturgeon (90) * 8,795
* 1951 DOMINION CENSUS
M.D. of MORINVILLE 91
M.D. of STURGEON 90
M.D. of STONY PLAIN 84
M.D. of STRATHCONA 83
M.D. of LEDUC 75
1
2
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12
1954

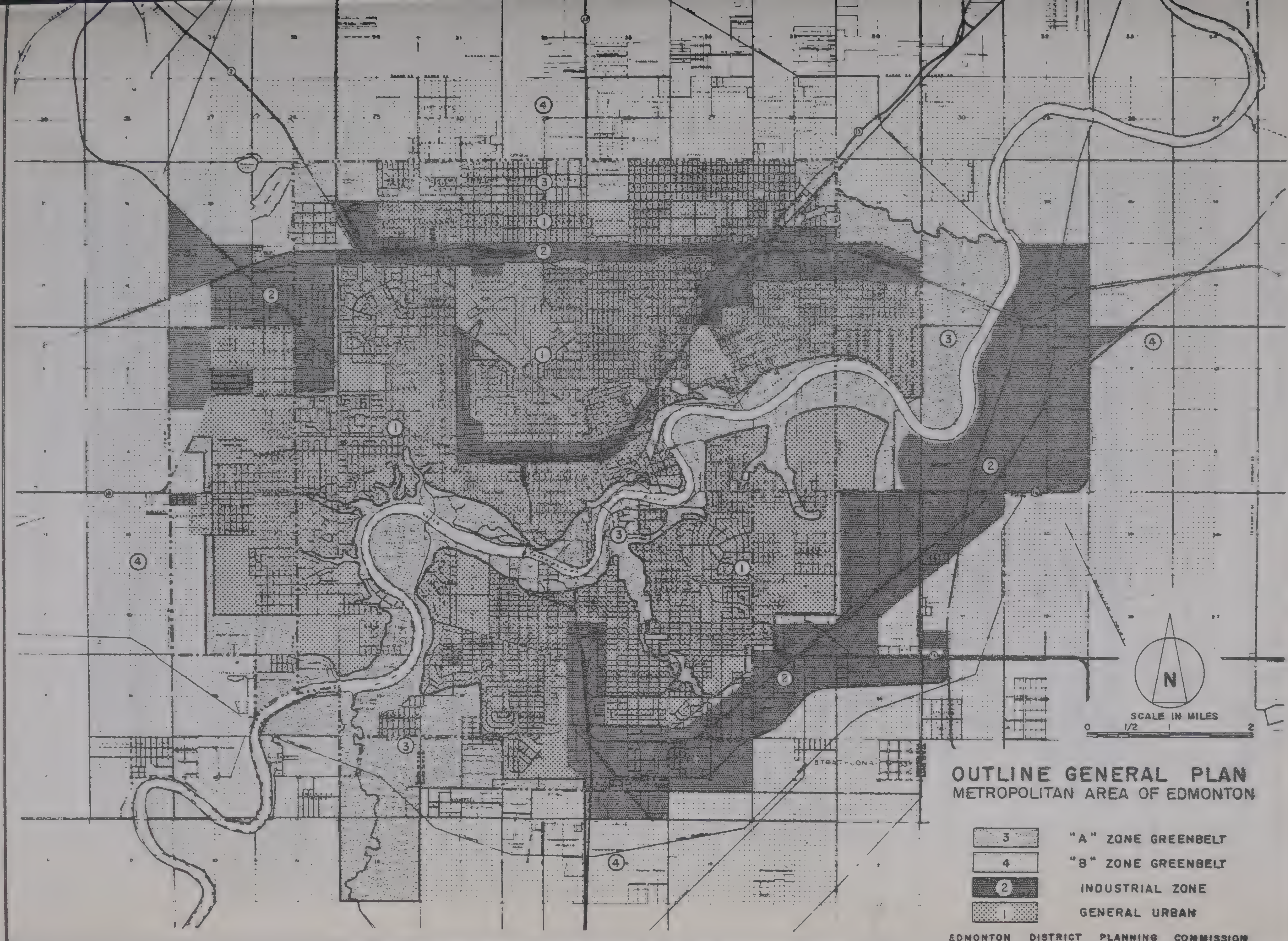

OUTLINE GENERAL PLAN
METROPOLITAN AREA OF EDMONTON
SCALE IN MILES
0 1/2 1 2
N
"A" ZONE GREENBELT
"B" ZONE GREENBELT
INDUSTRIAL ZONE
GENERAL URBAN
EDMONTON DISTRICT PLANNING COMMISSION

Chart No. 3 attached shows how the procedure of interim development control works within the Calgary District Planning Commission.

The Commission has rendered many advisory services to its member municipalities. Reports of two such surveys are in print:-

(1) Reports on a Proposed Commercial Development in the Municipal District of Springbank No. 45, March 1953, and April 1953. (These concern a shopping centre just south of the city and west of the MacLeod Trail).

(2) Report of Commercial Zoning in the town of Bowness, January, 1953.

Replotting schemes were worked out for Springbank and for the town of Forest Lawn, and most of the member municipalities have, at one time or another, called upon the technical staff for assistance.

Apart altogether from the specific instances where the District Planning Commission has aided its members, the benefits accruing from the Commission are considerable. The different local authorities no longer work in isolation, but each is aware of how its neighbor's plans affect the whole area. The idea of a metropolitan unity has "caught on", and with it the need for metropolitan and even regional planning. The public too has to some degree become "planning conscious". Nevertheless, several defects of the existing organizations have become apparent in the course of time.

When a General Plan for the district (i.e., the metropolitan area and the region) has eventually been prepared by the District Planning Commission, before it can be put into effect it must be adopted by each member council and enforced by it by by-law within its jurisdiction. There is no guarantee however, that the plan <u>will</u> be adopted by all the councils, or enforced if adopted. For one thing, municipality membership in the Planning Commission is voluntary, and there is nothing to prevent the withdrawal of a dissatisfied member, as happened in the Edmonton area and consequently the disruption of the General Plan.

For another, even if a municipality should not go to the extreme of withdrawing from membership, it may not wish to carry out its share of the plan, or it may not have money to do so, or it may later reject its part of the plan as the personnel of council may change, or local pressures may dictate.

Unless therefore, all the municipalities concerned are, of their own

free choice, both willing and able to carry out the District General Plan, it may be disrupted to a greater or lesser extent.

(b) <u>The Edmonton Area</u>

The Edmonton and District Planning Commission is in many respects the counterpart of that in the Calgary area. In fact, it is the other way round, since the Edmonton District Planning Commission was established first - in 1950.

The membership consists of representatives appointed by the following authorities:

> The city of Edmonton, the towns of Beverly, Jasper Place, Fort Saskatchewan, Morinville, Leduc, St. Albert, Devon, Stony Plain and Calmar, the municipal districts of Stony Plain No. 84, Sturgeon River No. 90 and Leduc No. 75, and the villages of Warburg and Thorsby, and the province.

Each local authority appoints a councillor, and the Provincial Planning Advisory Board in this case appoints four representatives, one each from the Departments of Municipal Affairs, Highways, Education and Agriculture. The usual provisions apply as regards the choosing of a Chairman, the appointment of the secretary-treasurer, the monthly meetings, the preparation and approval of the budget, and the arrangements for financing on the 50 - 25 - 25 basis. Charts 4 + 5 are attached showing the organization of the Commission.

Formerly the municipal district of Strathcona was also a member, but officially withdrew in 1954, while the municipal district of Sturgeon staged a <u>de facto</u> withdrawal in 1951. These instances are noted further below. As in the case of Calgary, the present membership is not identical with that before the re-organization which followed upon the work of the Co-terminous Boundary Commission.

The planning area covered by the Commission is that covered by the member municipalities, which is roughly a radious of 50 miles from the city, with a gap for the unrepresented Strathcona territory.

As in Calgary, the main purposes of the Planning Commission have been to prepare a General Plan for the entire area, and through its technical staff to render services to its members.

The General Plan itself has proceeded rather further in the Edmonton area, the Outline General Plan having been prepared, supported by zoning maps, and having been adopted by all member municipalities in principle in August 1951, and in substance in April, 1953.

The Plan is framed both for the metropolitan area in a strict sense, including the outer greenbelt, and making up some 81 square miles (of which the city has about 43 square miles), and also for the wider region. It is however much more detailed for the metropolitan area than for the region beyond.

The Outline General Plan devides the metropolitan area itself into four land use zones: the "A" zone greenbelt, the "B" zone greenbelt, the general urban land use zone, and the industrial zone. Chart No. 6 is attached showing the Outline General Plan for the metropolitan area.

The "A" zone, or inner greenbelt, is both inside and outside the city, much of it lying in the river valleys and ravines, and is used chiefly for parkland and recreational purposes, or as buffer strips separating industrial from residential districts and for the protection of major traffic arteries.

The permitted uses within the "A" zone are such commercial development as refreshment stands, recreational uses such as golf courses and tennis clubs, institutional buildings, burial grounds, agriculture on parcels of 20 acres or more, small holdings on parcels of not less than 3 acres, and public utilities. No industry or residential subdivision is permitted, nor are fur farms, hog ranches, cattle-buying stations or drive-in theatres.

The purposes of the "B" zone or outer greenbelt are to limit the spread of residential development beyond a defined "optimum size" of city, to preserve natural assets such as tree cover, and to maintain limited access control on highways. The permitted uses are much wider than in the "A" zone. Besides agriculture and small holdings, and the usual institutional, recreational, burial and public utility uses, more commercial development is allowed, both for highway uses such as garages and tourist camps and also for "general commercial" such as drive-in theatres, cattle buying stations and race tracks. Large primary industry is also permitted whether oil,

chemical or metallurgical, as well as sand and gravel workings. The non-permitted uses are residential subdivisions, secondary industries and scattered or random highway businesses.

The "general urban land use" zone is of course the chief built up area, comprising residential, commercial and light industry, the whole to proceed in an orderly manner, i.e., not by random subdivision but by a planned sequance on a priority rating.

The industrial zone proper is chiefly for heavy industry and warehousing. Where industry generates nuisance effects of noise, odour, fumes, etc., the siting must be at a proper distance and direction from the general urban land use area. Residential and general commercial development are not permitted uses in the industrial zone.

The Plan provides also for a unified road system, and this too has been adopted in principle by the municipalities, with planning on the roads still continuing. The Plan has been amended several times, thus maintaining a certain degree of flexibility. (Details of the Plan are given in "Land Use Regulations for the Outline General Plan, Revised November, 1954").

Since the Plan embraces land beyond the city limits, its effectiveness depends on the voluntary co-operation of adjoining municipalities. It can, that is, be made official and binding only through zoning and interim development by-laws passed and enforced by the constituent municipalities. Nearly all the constituent municipalities have interim development control (a by-law and board); and some are preparing zoning by-laws to carry out their own internal general plans.

Apart from the Outline General Plan itself, the Planning Commission has also concerned itself with developments beyond the metropolitan or urbanized area. The publication, "A"Report of the Committee on Small Holdings, 1954", examined trends towards such subdivision in the area beyond the outer greenbelt, and advised upon future developments.

The District Planning Commission has also rendered numerous plan -ning services to its members, such as re-plotting schemes and, perhaps the best known, the elaborate surveys and general plans prepared for the towns of

Fort Saskatchewan and Leduc. An industrial survey of the district has also been made, and a detailed study made - "The Journey to Work, May, 1953".

A small holding is a parcel of land of not less than three acres, or more than twenty acres, used wholly or partly for agricultural purposes. The minimum size conforms closely to the Veterans' Land Act requirements of 2.8 acres. The twenty-acre limit is based on the definition of farm land in the Assessment Act, beyond which the acreage is classified as a farm.

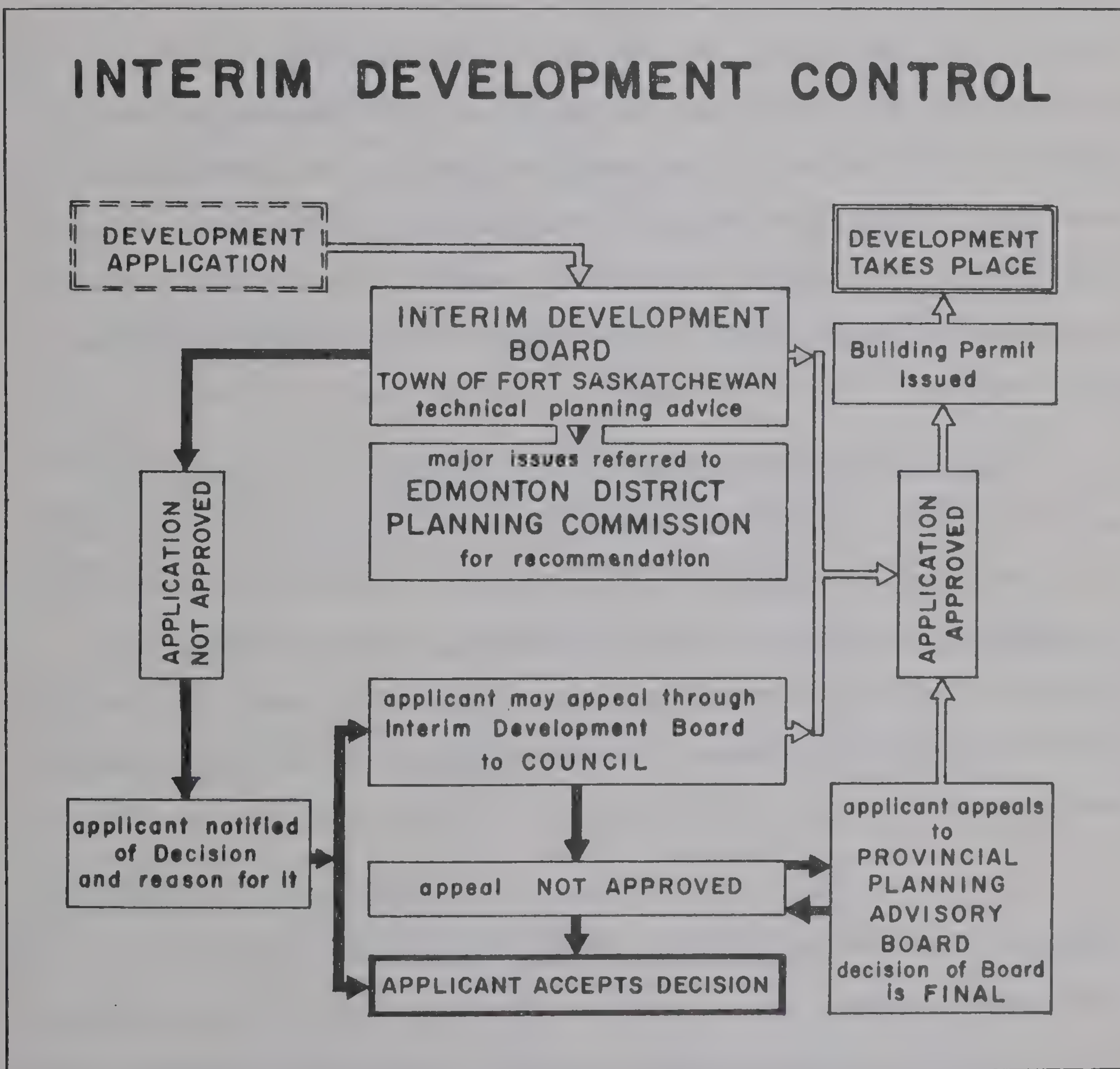
The District Planning Commission investigates any application for subdivision outside of the city and acts as the approving authority, subject to appeal to the Provincial Planning Advisory Board. Any proposed major change in land use by a member municipality must be submitted to the Planning Commission for recommendation although, of course, there is no legal obligation to accept the Commission's ruling. The city on the other hand, is its own approving and planning authority, because it has the qualified technical staff, and because the other municipalities are less concerned with development inside than the city is with development outside. Chart No. 7 attached shows the interim development procedures in the Edmonton area.

The Edmonton District Planning Commission like its Calgary counterpart, has done much in giving publicity to planning, and in promoting public acceptance of the idea of planning. Both of these Planning Commissions have also accustomed the councils and public of the areas to think of the welfare of the metropolitan area, and of the region, as a whole, for example, in such matters as road co-ordination. It would not perhaps be going too far to say that the larger concept has won general recognition.

There are at least two features of the Edmonton District Planning Commission which mark it off from its Calgary counterpart. The first of these concerns staff. The staff of the Edmonton District Planning Commission is quite separate from the staff of the Town Planning Department - an undoubted advantage from the point of view of allaying suspicion of city domination on the part of the smaller municipalities. The staff consists of a director, three planning technicians, two planning draughtsmen, a secretary-treasurer and a stenographer.

The second feature shows up very clearly the weakness of voluntary

CHART. 7.


INTERIM DEVELOPMENT CONTROL
DEVELOPMENT APPLICATION
INTERIM DEVELOPMENT BOARD
TOWN OF FORT SASKATCHEWAN
technical planning advice
major issues referred to
EDMONTON DISTRICT PLANNING COMMISSION
for recommendation
APPLICATION NOT APPROVED
applicant notified of Decision and reason for it
applicant may appeal through Interim Development Board to COUNCIL
appeal NOT APPROVED
APPLICANT ACCEPTS DECISION
applicant appeals to PROVINCIAL PLANNING ADVISORY BOARD
decision of Board is FINAL
APPLICATION APPROVED
Building Permit issued
DEVELOPMENT TAKES PLACE

membership in the Planning Commissions. Two original members of the Edmonton District Planning Commission withdrew; the former municipal district of Sturgeon and the municipal district of Strathcona, thus seriously threatening the disruption of the District General Plan.

The withdrawal of the municipal district of Sturgeon in 1951 involved a dispute between the district and the town of Beverly. The town proposed to make an application to the Board of Public Utility Commissioners, to extend the town limits north and east - thus taking in industrial assessment and some territory from the Sturgeon M.D. The town requested the District Planning Commission to support its application. After discussion at a meeting on October 20th, 1950, when the representatives of the town and of the municipal district put forward their views, the District Planning Commission agreed that Beverly's application would be supported, on the ground that the town needed the land for industrial development and that it sorely lacked any substantial industrial assessment. The Board of Public Utility Commissioners subsequently granted the town's application in part, in December 1950, giving the town the industrial property in dispute but with less territory than the town had asked for.

In March 1951, the District Planning Commission was notified that the council of the municipal district of Sturgeon had by resolution withdrawn its membership in the Planning Commission, giving as its reason the Commission's recommendation at the October meeting. Efforts to dissuade the council from its course of action were unavailing. The municipal district was still legally a member of the District Planning Commission although no longer a participating member.

Action subsequent to the withdrawal of Sturgeon is also interesting, showing as it does the effect which a non-conforming member may have upon the District General Plan.

The council of the municipal district in August, 1951 adopted the General Plan in principle, but took no action to bring its zoning into line with the plan. The District Planning Commission was faced with inquiry about a parcel of land of 33 acres in the "B" zone greenbelt on the northeast approaches to the city, and lying within the municipal district of Sturgeon,

but had had difficulty in dealing with this and similar inquiries, because the zoning of the municipal district was at variance with the Outline General Plan. A meeting between the steering committee of the District Planning Commission and the reeve of the municipal district was unable to iron out the difficulty, and the municipal district persisted in its view that it - "was well able to handle its own affairs in respect of such planning as might be required in the District, but that the Council of the District would give further thought to the matter and possible representation on the Commission". Further thought did not, however, lead to a re-entry into active participation in the Planning Commission.

The withdrawal of the municipal district of Strathcona is more involved. In November, 1951, an application was made to the council of the M.D. for approval of a townsite development in S. 27-52-23-W. 4th - known later as the "Campbelltown" townsite. The council of Strathcona referred the scheme to the District Planning Commission by letter, in the same month. A special committee was set up by the District Planning Commission to discuss it in December, and a new committee constituted in January, 1952. The committee recognized the need for a satellite town but suggested that it be located further away, and contain a population in excess of 30,000. The committee report was adopted by the District Planning Commission.

In July 1952, a committee of three - one commission member and two technicians - inspected the proposed site and this "inspection report" (known as the Holloway Report) was favourable to the development providing that water supply, and zoning control, in the area surrounding the townsite were appropriately dealt with .

The matter lay dormant until the Director of the District Planning Commission received, in July of 1953, a formal request from the Strathcona M.D. to plan the proposed town. Smaller re-plotting schemes had been undertaken from time to time as part of the Planning Commission's normal work, but this appeared to be a major project, and The Executive Committee therefore undertook more careful discussion and investigation.

At the August meeting of the District Planning Commission, opinions were obviously divided on the merits of the scheme. The application was

strongly opposed in writing by the Edmonton Town Planner, on planning grounds, in that it violated nearly all the principles of satellite town location. The chief objection was to the location, in that the proposed townsite would be in fact merely a residential dormitory town, either for workers in Edmonton or in the Strathcona industrial area and was too close to the city to qualify as a satellite, as that term has come to be understood in planning circles. It would be at most 5 miles from the city limits and there would be heavy pressure to build up the intervening space.

At the next meeting, in September 1953, the scheme was discussed in extenso and the intentions of the sponsor were, for the first time, made specific: these were to locate a town with a population of 12,000 to 20,000 people, on 1 to 1½ sections; that the houses would cost from $7,500, to $12,000, some with basements and some without, and there would also be multiple dwellings; that business lots would be 25' by 150' with parking space; that arrangements had been made with the M.D. for water supply, that "a purification plant would be used to take care of water disposal", (sic) and school sites, sites for police station, five churches, and recreation would be provided. Again, District Planning Commission members doubted whether the development was necessary in view of the fact that the southeast sector of the metropolitan part of the Outline General Plan contained enough land for residences to house 7,300 persons just as near if not nearer, the industrial area; and that in any case a satellite (in the accepted sense) was hardly required yet, and if required could more easily and conveniently be built by extending some of the existing district towns, such as Fort Saskatchewan. It also became plain that Strathcona intended to preserve the townsite as a hamlet within its jurisdiction, and serious and justifiable doubt was expressed by other members whether past experience of town incorporation lent any encouragement to the hope that such a large population would be content for long with its subordinate hamlet status. Strathcona also felt that strict municipal zoning could prevent urban build-up between the city and the townsite, and that the municipal council had a duty to make housing available for workers employed in its industrial area.

In the end however, the scheme and the Holloway Report were both approved on secret ballot, by a vote of 9 to 6. With the scheme thus approved,

the technical staff of the Planning Commission worked on the plans for two months, and suggested some revisions, among them adoption of the zoning stressed in the Holloway Report. The latter was only partially agreed to by the M.D. which felt it "should be left to the discretion of the municipality". The difference of opinion between the planners and the M.D. concerned the way in which the land between the townsite and the industrial area east of the city - a distance of about 1½ to 3½ miles - should be used. The Planning staff wished to rezone this to "A" Zone greenbelt, the M.D. wished to retain it as "B" Zone, thus permitting much more commercial development, as apparently the sponsor also wished. The meeting of February 1954, however, adhered by a vote of 9 to 2, to the more restricted zoning of the area immediately west of the townsite. The revised layout and subdivision of the whole project, as drawn up by the staff, were then approved unanimously by the District Planning Commission.

Later, however, the promoter drew up a new plan of layout and subdivision, which Strathcona at once approved, and requested the Planning Commission also to approve. The new plans provided for a smaller population (now 5,000), and was in other respects also much less ambitious and less costly. It was also a less desirable townsite in several respects. Thus, no lanes or storm sewers were provided for, streets were narrower, and the promoter proposed to build only rental accommodation. These new plans came before the Executive committee of the District Planning Commission in August 1954. Numerous detailed criticisms were made of the subdivision plans in respect to roads, play-space, the business area, and the over-all aspects; and the promoter agreed to amend his plans accordingly providing his financial backer agreed. Strathcona had not taken exception to any of these features of the scheme. But since the scheme did not conform to the existing Subdivision Regulations of the province, the committee decided to refer the plans to the Provincial Planning Advisory Board.

As it turned out, on the same day, August 13th in the forenoon, the council of the M.D. held a special meeting and resolved to withdraw from the Edmonton District Planning Commission. The withdrawal was duly authorized by Order in Council three days later. The reasons given for the withdrawal were that "Strathcona is generally dissatisfied with the length of time it

seems to take for subdivisions to be approved and they objected to the interference of the Commission in the plans for subdivision;" and further that "Strathcona wanted to be their own approving authority". (sic) There was general regret on the part of the other members.

With the withdrawal of the M.D. from membership, approval of the Campbelltown plans was no longer a matter within the competence of the Edmonton District Planning Commission. It was then a matter for the Provincial Planning Advisory Board to approve or disapprove the subdivision.

So far as the Provincial Planning Advisory Board is concerned, its decisions are based on its Subdivision Regulations, rather than on principles of district planning. So long as the proposed Campbelltown site conformed to the Regulations, in its internal layout and measurements, the Provincial Planning Advisory Board could approve it, in accord with its policy of not interfering with the freedom of action of the local authority. Moreover, the Board has discretion to waive some of its subdivision regulations, and this it did when approving the still further revised plans for Campbelltown in June, 1955. (See also Chapter 8, The Unique Position of Strathcona.)

8. INTERIM SUMMARY AND PROBLEMS

Up to this point we have dealt chiefly with narration and discription. First, a distinction was made between city, the metropolitan area, and the region, and the case for planning was then considered briefly. The legal basis for planning in the province was next considered, including besides the Act, the Highway controls, the "two mile" rule, and the Subdivision Regulations. The planning machinery within the two cities was then described, and something said on the nature of the General Plans which they are drawing up. The nature of the District Planning Commissions was next described, and note taken of their District General Plans. These are the essential preliminaries before conclusions can be drawn. It will be useful at this point to draw conclusions, and state some problems.

i. The two cities and other municipalities are fully equipped with the legal powers to prepare and enforce planning within their borders if they wish to do so. The only exception to this is the doubt whether municipalities may

group businesses along the highways.

ii. The extent and quality of city planning, then, is governed only by council policy within the limits set by public acceptance of the plans and the willingness (or ability) to pay for them. What is true of the city is true also of the internal plans of other municipalities in each area, except for highways, already mentioned.

iii. In the District Planning Commissions there exists adequate legal powers -

(a) to render technical planning services to member municipalities; and

(b) to draft the District General Plans.

iv. Once the District General Plan is prepared, its adoption at present is a matter of voluntary action on the part of the member municipalities. There is nothing to compel a dissenting municipality to adopt a district general plan which has the approval of a majority of the members.

v. The enforcement of any plan which concerns more than one municipal authority depends on the voluntary membership and action of the constituent municipalities within a District Planning Commission. Any municipality may or may not choose to remain a member of a District Planning Commission, and when it does not, the district general plan is to that extent threatened with disruption; and orderly development is in jeopardy. The two instances of withdrawal from the Edmonton District Planning Commission show that the possibility of withdrawal is always present.

vi. Even should the constituent municipalities wish to carry out their share of the district general plan there may be a lack of uniformity in enforcing zoning and other necessary by-laws. The municipal members operate under different charters: The City Act, the Town and Village Act, and the Municipal Districts Act. The financial resources and the staffs maintained inevitably vary from one council to another. An essential and possibly costly portion of the plan, for example, may happen to be the responsibility of one of the less affluent municipalities.

vii. Any substantial change in a district general plan - e.g., in the re-zoning of land use - may require simultaneous and immediate revision of a considerable number of local general plans or zoning by-laws, a procedure which may upset or delay the district general plan, since local plans and by-laws must be approved by many different councils, either in their legislative or appeal functions.

viii. The Provincial Planning Advisory Board, in its regulatory and appeal functions, does not in practice offer a method by which a district general plan for an area may be put into effect. In its administration of Subdivision Regulations, for instance, it is concerned for the most part with the internal aspects of a subdivision, and not with the general location, or its conformity with a district general plan, and even some of the subdivision rules may be waived at the Board's discretion. In its appeal function the policy of the Board is to pass upon existing municipal by-laws, not upon their conformity to a district plan.

ix. Highway controls are not a substitute to make effective a district general plan, or even that portion of a municipal plan dealing with highways, as the example of the St. Albert Trail Auto Mart plainly shows. The Highways Department is concerned largely with engineering considerations. Nor is the Highways Department obliged to secure the prior approval of a local authority or of the District Planning Commission to a highway "development", although it usually does so as a matter of policy.

x. The "Two mile rule" is quite ineffectual to further the enforcement of a district general plan: it does not apply far from the city limits, and in any case gives the city only the power to recommend for or against a development or subdivision; and the recommendations are not binding.

xi. There can be no doubt that if there is to be effective metropolitan and regional planning then some changes are required in the existing legislation, regarding the adoption and enforcement of a district plan. With almost complete unanimity, witness after witness before this Commission urged that the legislation should "have teeth in it", that some kind of "executive authority" should be responsible for enforcing the plan. We shall return again to this point, after some discussion of other relevant matters on which much was said before this Commission.

9. PLANNING AND CITY BOUNDARIES

Central cities in metropolitan areas are for the most part completely built up, while outside their limits are often found other built up municipalities, or land in process of being subdivided and urbanized. Annexation on the part of such typical "hemmed-in" cities can provide the city with no additional land in which to expand, but instead usually brings added costs

arising from the demands to raise the civic services in the annexed areas up to the level prevailing in the city.

The situation in the Calgary and Edmonton areas differs in one respect from that found in the more or less typical metropolitan conurbation: both cities have had within their boundaries until recently a great many vacant lots as well as substantial parcels of land used for agriculture. But the cities have not been built up uniformly from the centre outwards, and on some of their boundaries the typical metropolitan situation has appeared, and the city is "hemmed-in" by built up fringe communities. A half mile beyond the western limits of Calgary is the large hamlet of Montgomery, and beyond that again, the town of Bowness; on the northeast is the town of Forest Lawn, and to the south the "quasi-urban" area known as Glenmore. Calgary is unique in also being blocked in by the Sarces Indian reserve on the south-west. The western part of Edmonton merges into the town of Jasper Place, the north-eastern into the town of Beverly; while nearby to the east is the industrial area of the municipal district of Strathcona. Within each metropolitan area as a whole, there is a "trend of development", both residential and industrial, which goes on regardless of municipal boundaries.

If this trend of development is to be guided in the best interests of the whole area it is clear that it must be under co-ordinated planning control. Even if the city boundaries coincided with those of the built-up or urbanized area - which they do not at present - there would still be the problem of control of land use, of subdivision and building, and of ribbon development, just outside the city limits.

One method of dealing with this problem is to extend the boundaries of the city to take in a wide irregular strip of presently rural land, so that the city may exercise control over its orderly development, and provide room for future residential expansion and for good industrial sites within its own boundaries. The first proposals of Calgary, for instance, advocated that a large area should be annexed, the bulk of it as yet rural in nature. The final Calgary proposals, and those of Edmonton suggested rather less ambitious extensions into rural lands, but both cities believe firmly in the planned control of land uses outside the city limits, as greenbelt. (See Chapter 13, Boundaries and Space).

There is no doubt that land which may be needed for urban purposes in the future is more easily controlled by the city if that land is within the city. There is then no division of authority among several municipal governments. The cities have the technical staffs and the experience in planning. If the land is inside the city, law and accepted practice inhibit any demands for compensation for land use zoning. Moreover, the cities have a policy of not releasing land for building unless sewer and water facilities are available, i.e. orderly development is the rule. For these, and other reasons, the argument is strong that land for future expansion - even though it may not be needed for 15 years or so - is best brought within the city.

But the argument is not exhaustive. There may be something anomalous about city management of large areas of agricultural land. Even more important is the fact that, wherever the city limits are drawn, the problem of land use control <u>outside</u> those limits still remains. A large city, in terms of geographical area, is no answer to the problems of regional planning. It does not avoid the need for inter-municipal co-ordination of planning in the whole area.

10. OPTIMUM SIZE OF CITY

The concept of optimum or best size of a city was often raised in evidence before this Commission. The idea itself is not hard to grasp, but to measure or set an optimum size is difficult indeed. In this respect it is like the concept, familiar to economists, of optimum population for a whole country.

The optimum for a city is the size regarded as "best" by the council and public, bearing in mind a variety of economic, financial and sociological factors. One city may regard the optimum at a population level of 50,000, another, for instance London has adopted the figure of 3 1/3 million (about its present population) as best.

It is easier of course for a city to plan for an optimum somewhat larger than its existing size. (although it is not impossible to plan for a declining population). Edmonton, e.g., has not the practical choice of planning to be a city of 100,000 or 150,000, since it is already beyond these

figures. It can however plan for 250,000 or more.

It is a matter of common sense realism for small and medium size cities to plan for their future optimum while they are small, and so can control their size, instead of waiting until the growth has got out of hand and they find themselves committed irrevocably to become another large conurbation with all the problems which large size brings.

The factors taken into account in determining the optimum are varied, and do not always point to the same size or population figure.

First, there is the size set by the most economical extension of city utilities such as water and sewer. Topography may play a large contributing part here, as in the city of Calgary. Beyond this "most economic" size, costs rise sharply, because new trunk lines, new disposal plants, new sources of water supply may be needed. A similar situation is found in business, where beyond an optimum or most efficient size, it pays to build a new branch plant rather than extend the original plant. But it is well known that the most efficient size of a plant for one industry is not the same as for another industry. With a city, moreover, one must take into account a whole range of utilities which may be arranged in an order of flexibility, from light, power and telephones, through gas, transit, water, and sewer. In short, the problem remains, even in economic terms, of which civic utility to choose as the indicator or yardstick for most economical operation.

Second, there is the size set by considerations of per capita cost of running the city. Evidence was presented before this Commission to show that as cities grow, the per capita costs tend to rise, and not in a straight line but by a series of steps or jumps at certain critical population figures. There are several reasons into which we need not go, why this should be so. One British study puts the administrative optimum at less than 200,000 and purports to show that costs per head rise when population is over 150,000, and rise sharply when it exceeds 300,000. (Colin Clark, Econometrica, April, 1945).

Third, it may theoretically be possible to arrive at an optimum set by the most efficient "urban economic base" of the city. In practice however, economic base studies, although they have many uses, are not very helpful in determining an optimum beforehand. But once the optimum is decided upon, a knowledge of the economic base is useful in estimating future growth, in

preparing land use zoning maps, and so on. (The urban economic base may be thought of as the raison d'etre of the city, i.e., the industrial and trading activities which cater for areas outside the city; for example, the basic industry in a company town. The service industries carried on to cater for the city population itself are not regarded as part of the economic base, but as derivative. This has an important application in the chapter on Industrial Development, but need not be pursued further here.

Finally, there are a number of less tangible factors which may influence the judgment of best size. Among these are: preferences for life in a small or medium size city ("gracious living"), or for the cultural and other amenities of a large city, the vulnerability of large cities to air attack, the complexity and impersonal natures of large city government, the neighbourliness but parochialism of the smaller city, the higher rate of crime in the large metropolis, rivalry between cities, and many others.

Clearly, the determining of the optimum is not an easy task; many of the factors involved are scarcely measurable at all, others can only be roughly estimated, while still others express philosophical judgments or personal preferences about which there could be endless debate. There is in short no single clear objective indication of optimum size, either financial or economic. And even if there were, the citizens may prefer a larger (or smaller) city despite a higher per capita civic cost and other disadvantages.

Nevertheless when all is said and done, civic policies no less debatable and no less dependent upon preferences and value judgments do in fact get adopted when there is substantial support for them in public opinion. It is thus not impossible that an optimum could be agreed upon for both Edmonton and Calgary. An optimum for Edmonton has been calculated by the Edmonton District Planning Commission at about 350,000 - 380,000, and this is also the approximate population which the Calgary District Planning Commission has tentatively outlined for Calgary. Any such optimum is, however, merely for the time being. As time goes on the citizens may come to prefer a different optimum, and no council is wholly bound by the decisions of its predecessors.

If an optimum figure is set, the problems of city planning, in all departments, are greatly simplified. Knowing the ultimate population, is

useful in designing the central commercial areas. The industrial, residential, and recreational areas, the city administrative facilities (public buildings), parking and traffic facilities, the public utilities and so forth. That is, both physical and financial plans can proceed from a fixed point of reference towards a more or less fixed target.

Reference to the optimum concept brings out clearly the two alternatives before those responsible for city planning policy. Either (1) continuing growth will be permitted to an unlimited extent, and planning will merely guide it. On the whole this is the policy which nearly all cities have adopted, or drifted into, in the past, although in recent years many cities have begun to take their future more consciously in hand.

Or (2) a temporary limit to city growth will be set (i.e., an optimum decided upon) beyond which continuing growth in the metropolitan area will be encouraged to go into satellite towns. These are matters best left to each city to settle for itself, unless the legislature should wish to encourage one policy rather than the other. If, for example, the argument from civil defence requirements is thoughtto be sufficiently strong, it might justify a provincial (and perhaps even national) policy of decentralization or dispersal of industry and population. In that case provincial policy would probably favour the second alternative of setting a limit to city size.

The planning problems are different, depending on whether the first or second alternative is chosen. The first choice is undoubtedly the simpler one, since it requires a relatively passive planning policy, the main task of which is to accommodate the antonomous growth which may happen to take place.

The second however is the course which has been adopted by the Edmonton District Planning Commission and its members, in the Outline General Plan. Once the optimum (for the time being) is agreed upon a restrictive greenbelt zone is then defined surrounding the city, leaving enough room inside it to accommodate only the contemplated population.

Such a greenbelt is not "sterilized land", or merely park land; but in it a variety of uses are permitted - agricultural, recreational, institutional, or even industrial. (The uses have been mentioned earlier under "B" Zone greenbelt).

The chief prohibition upon its use is that of subdivision for residential purposes. It will not be built up, at least not for some years. Should the figure for optimum size later be revised upward, as it may well be, the greenbelt can then be pushed outward. The optimum then requires a restrictive type of greenbelt. An important advantage of setting an optimum size, and restricting further growth by greenbelt, is that the boundaries of the city will be fixed for a considerable time and annexation proceedings become few or non-existent.

11. COMPENSATION IN THE GREENBELT.

The question of compensation in such a greenbelt has often been raised before this Commission and elsewhere. On the negative side it is argued that zoning by-laws within a municipality often prevent the land owner from making the "most profitable" use of his land. He cannot, for instance, sell lots in a low cost residential area for higher priced commercial or industrial uses, if the zoning by-law prevents his doing so. Yet the Town and Rural Planning Act, Section 86 specifically states no person shall be entitled to compensation by reason of a zoning by-law. The public has come to accept this position, and compensation is generally given only for expropriation. (Zoning places restrictions on the uses to which land may be put, but expropriation deprives the owner of the land itself).

There are many other instances where zoning, or re-routing of traffic, or similar action by the municipality has an adverse effect on individual property or business values, and where no compensation is payable. The total effect of zoning no doubt is to enhance property values in the municipality as a whole, but it is undeniable that cases can and do arise where zoning prevents the owner from making what the market would bring in the absence of zoning.

In the same way, so it is argued, land use zoning outside the city - which is what the outer greenbelt amounts to - should not thereby create a claim for compensation. The original owners may continue to put the land to agricultural uses, and in some cases, to more profitable uses. (Of course, the speculator, who buys land for re-sale, not for use, is likely to find his hopes dashed when greenbelt zoning is instituted). Further, compensation is

not payable in respect of the inner greenbelt - that portion actually inside the city limit. If then, city boundaries were extended, and in effect, the greenbelt were brought inside the city, zoning without compensation would be accepted without much question. Where greenbelt land is expropriated for parks, etc., then compensation is, of course, a normal consequence. Possibly the best course is for the city to purchase the outer greenbelt, but if the greenbelt is at all large the cost would be prohibitive.

It is possible, however, to argue that greenbelts of the restricted-use type; do set up valid claims for compensation. Such claims have in fact been recognized in Britain, and have been matched by a "betterment" levy payable on other land where the greenbelt zoning has enhanced its value. The administrative difficulties inherent in such a complicated two-fold "compensation and betterment" scheme have not however made the British experience with the scheme a happy one. The U.K. Act of 1947 may be said to have broken down on this matter of compensation; although theoretically fair, it was beyond public comprehension. Nor is the 1953 Act any better in this respect. To adopt a policy of compensation and betterment would lead to so many difficult problems of administration and enforcement, in the interests of a nicely calculated equity, that serious doubt arises whether it would be worth the trouble. The British experience does not justify any expectation that Alberta experience would be any more successful.

Moreover the evidence on this point before the Commission was so nebulous and inconclusive, and to some extent contradictory, that the Commission can make only one recommendation, namely, to leave the matter of compensation for restrictive land use where it stands at present. Existing practice has at least one great merit, that of simplicity. Moreover, it recognizes the greenbelt for what it is, a form of zoning for land use, a principle which is already accepted and enforced in nearly every municipality in the province.

12. SATELLITE TOWNS.

Given the optimum size, no matter how it may be determined, and whatever figure may be set, and given growth pressures within the area, space must be obviously found within which industrial and urban expansion can be

accommodated. If it is not to be accommodated within the city, it must go elsewhere. The solution usually put forward is that it will go to satellite towns, about 20 or more miles from the metropolis. In general, the larger the city, the further away should satellites be located.

A satellite, in planning language, is not a fringe area or purely dormitory suburb. It is a town with its own industries, and so is self-contained so far as its tax base, utilities and employment opportunities are concerned. There is, or should be, little or no daily commuting, although persons living in the satellite may travel to the central city for social, cultural, and other purposes. A city may of course have several such satellites. The key to satellite town development is the location of industry, to provide the economic base, which in turn generates secondary and service industries and so make the satellite relatively self-contained. The process may be thought of as a "budding off" from the parent stock.

The industry which locates in a satellite is not compelled by law to go there. Instead, it is encouraged and induced to go there by such measures as the provision of zoned land of suitable type and location, of civic utilities and other services, the assurance of a labour supply whose families will be housed and educated, and of water supply, power, transport and other requirements. And these measures are undertaken before the limits of optimum size are reached in the parent city. Industrial location is a large and unhappily only imperfectly explored subject, but enough is known about it to justify a reasonable expectation that the satellite principle is workable. Indeed it has worked for many years in Britain - as in the new towns legislation - and nearly everywhere industrial location is coming more and more within the purview of public policy, whether national or local. It requires that industrial location should be put inthe forefront of city policy when zoning is being considered, instead of being regarded as an unwanted foundling.

The problem is simplified in the Edmonton area because suitable potential satellite towns - e.g., Fort Saskatchewan, Leduc, Devon, Stony Plain and Morinville - are already in existence. (Fort Saskatchewan is already developing its own industrial base at a rapid rate, although the large industrial plant of Sherritt Gordon is just outside the town limits). It is much easier

to encourage industry to locate in existing towns than to build entirely "new towns" in the bush or on the prairie. In many cases, however, it may be more economical to build de novo than to re-develop blighted areas in older cities. The land cost is generally lower and there is more room for industry.

Advantages accrue also to the central city by reason of the establishment of satellites. The city does not grow to a point where highest civic costs are encountered, traffic problems are eased when industry and jobs - the great "traffic generators" - are located in the satellites. And private savings accrue in time and money because the journey to work is shortened.

A number of United States model towns have greenbelts of the kind described above, and there is some attempt being made - largely by the federal government in the United States - to encourage dispersal of industry, for example, around Washington, for civil defence reasons. There has been more practical adoption of the planned satellite principle in Britain, notably in the new towns which have been built around London and in Scotland and elsewhere since the recent war.

The practice if not the theory of optimum size, satellite establishment and greenbelts, is a fairly new one, and adoption of new social plans of this kind comes slowly in any free society. It is however being more and more widely discussed and may well be widely practiced in the future. Most Canadian cities have only recently been perturbed about rapid metropolitan growth and the problems created thereby. For that reason in Canada, as yet it is not possible to point to significant examples of greenbelt and satellite planning which have been carried through. The National Capital plan, it is true, contains an elaborate greenbelt scheme, but it is being very imperfectly enforced so far, largely it would appear because of the complicated division of authority over the various parts of the planning area, among federal government, two provinces, and many municipalities. It may well be that the Edmonton District Planning Commission, in pursuing a policy of optimum size, greenbelt, and satellite towns establishment, will pioneer a type of city, metropolitan and regional planning that will eventually be followed by many other Canadian cities. If so, it will be in the Alberta tradition of change and progress in local government.

13. METHODS OF JOINT OR INTER-MUNICIPAL PLANNING.

Regardless of whether the city is limited for a time to an optimum size or not, certain planning problems of a metropolitan and regional nature will remain. There is still the over-riding problem of land use control outside the city so that fringe development may be forestalled, or so that any other development which is not in the best interests of future city expansion may not take place. That is to say, whether the city limits are drawn at an optimum or not, the city will still have limits, and land use control just outside those limits will still remain a problem.

This in turn reduces itself mainly to a problem of zoning for land use, of subdivision controls, and of their enforcement. Industrial location within the metropolitan area may be regarded as a special case of zoning for land use. There will also remain the problem of planning the location of area roads, including ring roads, and of keeping them free from ribbon build-up.

These problems, of how to make planning effective in the metropolitan area and the region, arise because more than one municipal jurisdiction is involved. It may be put thus: how is an area plan to be made effective by adoption and enforcement, where municipal jurisdiction in the area is divided among a number of local authorities?

(a) The Voluntary Method.

Traditionally a partial answer has been given by joint over-all planning of an essential voluntary nature, even if the membership itself is mandatory. The voluntary type is the common one in Canada in areas of divided municipal jurisdiction. It may be seen in the Vancouver and Victoria metropolitan areas, in Winnipeg, in more than thirty areas in Ontario, in many other parts of the country where metropolitan planning is a recognized need, and in five Alberta districts - those of Medicine Hat, Lethbridge, Red Deer, Calgary and Edmonton.

In Alberta, the voluntary principle is carried so far as to apply even to membership in the District Planning Commissions. But where a municipal member can withdraw at will from the Commission, and where a council can choose at any time to alter its zoning regulations as it thinks fit,

obviously there can be no possible guarantee that a district general plan will be either adopted or carried through. At the most it can remain a recommendation, which some councils may follow and others may not. Even mandatory membership, in itself is no guarantee that the plan can or will be carried out.

Despite its defects, the voluntary method is no doubt a step forward. It is better to have an area plan, even if it is disregarded here and there, than to have no plan at all. Moreover, the voluntary planning commissions do fulfill a number of other useful functions. They provide valuable advisory and technical services to their members, they accustom the public to the ideas of planning, they draw the attention of public and councils to problems of concern to the whole area and so help to promote a common, as distinct from a sectional point of view.

They have not the legal power, however, to enforce any of the plans which they draw up. Nor has any other body authority, under the present legislation to enforce a district general plan. But if the plan is to be carried through, somewhere the voluntary principle of enforcement by separate councils must give way. In the opinion of the Commission, therefore, the time has come to amend the legislation so as to authorize enforcement of a district general plan. Over and over again, in evidence before this Commission, witnesses urged that the area plans should "have teeth in them", or that "executive authority" be provided to enforce the plan. There was far less agreement however on what kind of "teeth" or "executive authority" should be provided.

(b) Granting Extra-Territorial Powers to the City.

If the lack of executive authority to enforce a district general plan is recognized as a defect, there are several methods available to remedy it, at least as far as the metropolitan part of the plan goes. The first of these is to grant extra-territorial planning powers to the city.

This method is often found in the United States, but the outstanding example of its use in Canada is found in Toronto. The Toronto Metropolitan Council comprises thirteen municipalities, but the Metropolitan Planning Board has authority over a wider area than the Council itself: an area which includes another thirteen municipalities or portions thereof, outside, or

twenty-six in all. The extent of the planning area is some 800 square miles, which is nearly three times that of the Council, of about 240 square miles, and it extends in some directions up to 7 or 8 miles from metropolitan Toronto itself. The Metropolitan Planning Board itself is appointed by the Metropolitan Council and was set up inter alia to forestall and control fringe development. At present it is preparing an official area plan, which includes land uses, roads, sanitation, greenbelts and park areas, and public transport.

The Metropolitan Council is thus the designated municipality charged with preparing the official plan for the designated planning area. It need be adopted only by the Metropolitan Council and approved by the Minister to be binding on the entire planning area, although before the Minister gives his approval he refers the plan to other municipal councils for their comments. Changes in the plan may later be initiated by any council, or by a person through a council, in the planning area, and the Minister may refuse or sanction the request for a change, or may pass the request to the Ontario Municipal Board for determination .

The designated municipality alone (in this case the Metropolitan Council of Toronto) may pass planning by-laws to cover the whole planning area, and other municipalities affected may pass their own by-laws, providing they do not conflict with the official plan.

If the principles of the Ontario legislation were to be adopted in Alberta, each of the two cities would become a designated municipality, charged with preparing an official plan for the city and an area, say, several miles around the city. The plan, when referred to all of the councils concerned, would be declared by the Minister to be the official plan for the area. The Edmonton (or Calgary) city council would then pass planning by-laws for the whole planning area. In the subsequent alteration of the plan, the Minister, at his discretion, could refer the matter to a board for determination. The nearest thing to such a board in Alberta is the Board of Public Utility Commissioners which already has a number of municipal functions.

Some criticism has already been levelled at the Toronto Metropolitan Planning Board in that its geographical jurisdiction is not extensive enough.

It has no power over what may be called the wider region - but is confined to Metropolitan Toronto and the urban, or nearly urban, outskirts.

On the whole it seems unrealistic to grant planning authority to any city, for distances of up to fifty miles from its boundaries, and such would be the distances involved, if the planning area for Edmonton and Calgary coincided with membership in the District Planning Commissions. And if the extra-territorial limits were confined, as in Toronto, to the smaller metropolitan area, then the problems of land zoning, etc., further out would still remain, and it would solve none of the problems of regional planning.

Objection may also be raised to the principle of such unilateral control: the municipalities and persons outside of the city may properly request a more active share in shaping the decisions which vitally affect them. Jealousy, friction, and the provoking of the historic and unfortunate town versus country conflict, may be the inevitable consequences of extra-territorial planning powers. Moreover, the tradition of co-operative planning through the District Planning Commissions is already well-established in Alberta. Finally the District Planning Commissions have their own technical staffs who should be more familiar with regional problems than city staff. Largely for these reasons, this Commission is of the opinion that the method of granting extra-territorial planning powers to the cities is not one to be recommended. Moreover, the weight of evidence before this Commission is against such a course. Nor does it appear appropriate for the province to prepare and enforce general plans for metropolitan and regional areas.

(c) Final Submission of the Edmonton District Planning Commission.

At the conclusion of its hearings we requested the Edmonton District Planning Commission to submit a memorandum summarizing recommendations to which all its membership would agree. Keeping in mind that such membership included the City of Edmonton, the Towns of Jasper Place, Beverly, Fort Saskatchewan, St. Albert, Morinville, Leduc, Devon, and Stony Plain; the Villages of Calmar and Thorsby; and the Municipal Districts of Stony Plain, Sturgeon River and Leduc, it is worthwhile to summarize the main recommendations agreed to, as follows:

(a) That an Edmonton Regional Planning Authority should be created by a special Act, and membership should be compulsory. (This would replace the present E.D.P.C.)

(b) That each member municipality should be entitled to appoint one representative; those having a population over 50,000 should be entitled to an additional representative "for each 50,000", but no municipality to have more than four representatives. Each such representative should be an elected member of the council.

(c) The Lieutenant Governor in Council should be entitled to appoint any number of advisory members, but only two such members should be designated as entitled to vote.

(d) The budget contribution of each member municipality should be related to the real property assessment, subject to certain maximum limitations.

(e) That the (new) Regional Authority should be authorized to prepare a regional plan and, generally, by such plan determine the land use in the region. The Regional Authority would adopt such plan by by-law passed by the Regional Authority. Upon the regional plan coming into effect it would take precedence over any general plan in effect in any member municipality. (This "regional plan" would replace the present Outline General Plan and would cover both the metropolitan area and the wider region.)

(f) The council of any member municipality would have the right of appeal to an Appeal Board set up by the Lieutenant Governor in Council against any decision of the Regional Authority; all appeals would be heard at public hearings. The right of appeal would be restricted to matters pertaining to the Budget, the regional plan, questions as to conflict between the regional plan and a local plan of a member municipality, and including questions having to do with a conflict in by-laws.

The Edmonton District Planning Commission was constituted in June, 1950. We think it significant that after five years' experience in handling planning problems in the Edmonton area the elected councillors of some fourteen member municipalities constituting the E.D.P.C. were able to reach unanimity in making these recommendations. And, Strathcona Municipal District, which had withdrawn its membership in August, 1954, in its final submission approved of compulsory membership , but designated the Board of Public Utility Commissioners as a suitable appellant tribunal.

Although the E.D.P.C. scheme, as finally submitted, has considerable merit we do not recommend its adoption. Its great merit is its comparative simplicity - by giving the Regional Authority power to pass by-laws - but although it would put "teeth" into the district general plan it may be doubted whether they are wisdom teeth. The scheme would set up another authority with powers of government over planning, and thus complicate the machinery in the area, with a consequent tendency to confuse the citizens and make it difficult to locate responsibility; there might also be friction and jurisdictional disputes with member municipalities.

If neither of the three methods just discussed are regarded as satisfactory, what then remains? The answer can only be some revision and

improvement of the existing planning machinery to ensure, in particular, that a district general plan may be drafted and carried through.

RECOMMENDATIONS.

A difficulty arises in making recommendations in that The Town and Rural Planning Act, 1953 applies to the entire province whereas the Commission's reference is to the Calgary and Edmonton areas only. District Planning Commissions are operating under present legislation at Medicine Hat, Lethbridge, and Red Deer, in addition to Calgary and Edmonton. This Commission has had no evidence before it indicating that these Commissions have not been functioning satisfactorily at all points other than in the Edmonton area. This is no doubt largely because of the special nature of the problems which have arisen in the Edmonton region. We believe if similar problems had occurred in the other areas the district planning organization would have been severely strained or might have broken down as happened in the Edmonton area. We are also satisfied that if the orderly development of the Calgary and Edmonton areas is to be assured extensive changes must be made in present legislation in respect to the district planning authority in Calgary and Edmonton. We are not in a position to say that the recommendations now made should apply to all District Planning Commissions within the province, nor whether the changes recommended should be accomplished by amending the existing act or by special legislation applicable to the two areas only. Keeping this in mind, the Commission makes the following recommendations in respect to the Calgary and Edmonton areas.

Planning in the Metropolitan Area and the Region.

1. That membership by municipalities in the District Planning Commission (or Regional Planning Authority, or whatever else it might be called) should be mandatory, and should not be subject to voluntary withdrawal as at present.

It is impossible to draw or carry out a district general plan without the participation of all municipalities in the area. Every member municipality should take its part in shaping the plan and carrying it out. The plan, once agreed upon, should not be subject to disruption by withdrawal of membership. The evidence indicated all municipalities appearing before the Commission now approve of mandatory membership.

2. That Section 10 of the act be amended to provide that the district planning authority may be established on the initiative of the Lieutenant Governor in Council.

The present act provides that the Lieutenant Governor in Council, upon receipt of an application made by the councils of two or more municipalities and upon the recommendation of the Provincial Planning Advisory Board (hereinafter referred to as the "Board"), by order, may establish a District Planning Commission. We believe this provision should be extended so that whether or not an application has been received from two or more municipalities the Lieutenant Governor in Council should be empowered to establish a district planning authority where circumstances are such that it is in the public interest to do so. Ontario and British Columbia legislation contains this provision. In addition, it would follow that at such time the order should designate the planning area and declare the municipalities which would constitute the district planning authority. This would avoid the possibility of there being any non-participating municipality whose membership was essential to the orderly development of the area.

3. That the cities of Calgary and Edmonton should each have three representatives on the district planning authority and each other member municipality should have one representative. Each representative should be an elected councillor. There should be no change in the present method of determining representation appointed by the Board.

Many suggestions were received in evidence dealing with all phases of the composition, finances, and general organization of the district planning authority. One suggestion was that representatives should be elected by a direct vote. This is dismissed for three reasons: firstly, because of costs involved; secondly, because it is not desirable to increase the number of independent elective local authorities; and finally, because it would destroy the close liaison which is needed between councils and the regional authority.

Calgary and Edmonton have heretofore each had one representative on the District Planning Commission. We recognize that the two large urban centres should have more than one representative and we are of the opinion that representation for each city should be satisfactory if arbitrarily fixed at three. The Commission does not think it essential to relate the number of

representatives directly to population.

At present the Board appoints four members in the Edmonton area and three in the Calgary area to represent the province. It is recommended that there be no change from present legislation in this respect, the practice thereunder having worked harmoniously. The number of members so appointed may quite properly vary from one part of the province to another according to the particular needs of each area.

Some evidence was submitted that the financing of the regional authority should be related to the taxable assessment in each municipality. The province is at present contributing 50% of the cost, the city 25%, and the remaining member municipalities contribute the balance. The annual budget of the District Planning Commission is not large. We think the present method of financing it quite satisfactory.

4. That the district authority in the Edmonton area should include the city of Edmonton; the towns of Jasper Place, Beverly, Fort Saskatchewan, St. Albert, Morinville, Leduc, Devon and Stony Plain; the villages of Calmar, Thorsby, and Warburg; and the Municipal Districts of Stony Plain, Sturgeon River, Leduc and Strathcona.

All the above municipalities are at present members of the Edmonton District Planning Commission with the exception of Strathcona. (But see also Chapter on Forms of Government).

5. That the district authority in the Calgary area should include the city of Calgary; the towns of Bowness, Forest Lawn, High River, and Okotoks; the villages of Cayley, Black Diamond, Turner Valley, Blackie, Crossfield, Airdrie, Beiseker, Irricana, and Cochrane; the Municipal Districts of Calgary No. 44 and Foothills No. 31; and Local Improvement District No. 46 (now the hamlet of Montgomery), and Local Improvement District No. 946.

This entails adding two towns and eight villages to the district authority in the Calgary area. (But see also Chapter on Forms of Government).

6. That the technical staff of the district planning authority in the Calgary area should be separated from the city planning staff.

It is not enough that district planning should be free from the possibility of city domination, but it must also be plain to all that it is not so dominated. Moreover, it should follow that with the two staffs being separated and with the addition of the other municipalities now recommended for inclusion, further planning services would be available to the region. It is likely this would involve some increase in staff.

7. That the district planning authority should be directed to prepare and adopt a district general plan for the area. In such plan the district authority should be empowered to:

(a) divide the planning area or any part thereof into agricultural, small holding, highway-commercial, general park, general urban, greenbelt and new town districts,

(b) establish the stages, sequence, or order of priority of development for and within each and every district, and prohibit the development of any district otherwise than in accordance therewith,

(c) prescribe the nature of, and minimum regulations to be contained in any by-law required to be put into effect within the territory of any member municipality to insure the development therein will proceed according to the plan for the area,

(d) make proposals relating to roads, services, public buildings, schools, parks and other open spaces, their location and the reservation of land for these and other similar purposes.

At present, Section 14 of the act provides that a District Planning Commission "may study the resources and development of the district planning area with a view to preparing a general plan for the area". It will be observed no definite direction is given that a plan must be prepared for the region. Under present legislation, even if a plan is prepared, no provision is made for its adoption unless all member municipalities see fit to adopt it. We are convinced there can be no orderly development in any area under such circumstances; the dissent of one member municipality alone could disrupt the entire plan.

It should be emphasized it is not intended that the powers at present exercised by member municipalities in respect to matters of a purely local nature should be abrogated. It is intended that the general plan for the region should prevail to the extent necessary to assure orderly development in the public interest. This Commission is satisfied that without such provision there can be no orderly development within the region as a whole just as there can be no orderly development within a municipality itself unless all within its boundaries conform to the plans and by-laws which have been prescribed and adopted in its best interest.

No new principle is now being asserted nor is any new concept being advanced. We must all recognize that the smooth working of our democratic system often requires that the sectional interest must give way to the larger public interest. For example, the absolute ownership of property by an individual no longer implies a right to use it for any purpose the owner sees fit.

If the law so prescribes, the owner must make the use of his property conform to the public weal. Without its zoning by-laws there could be no orderly development within the cities; all would be hodge-podge. Again, under The Agricultural Service Board Act an owner or occupant of farm land may be dispossessed of his control and operation if, for example, he fails to take adequate steps to cope with the growth and spread of noxious weeds which harm the community. Many other instances could be cited.

Thus, in fact, there is nothing startling or out of harmony with our system of government when it is now recommended that all municipalities, both rural and urban, should be called upon to sink their individual ambitions, when necessary to conform to the regional plan which has been moulded to direct the orderly development of the total region.

8. That the district general plan should be deemed to be adopted following a resolution approved by two-thirds of the representatives present and voting at a meeting of the district authority, but subject to the following conditions:

(a) following the adoption of the plan as above provided, the principal features of the plan should be publicly advertised in newspapers circulating in the area and a period of 30 days should elapse to permit property owners and others interested to make representations to the district authority. Upon such representations being heard, the district authority should confirm the plan in its original form or as amended, by a two-thirds vote as above provided.

(b) the plan as so confirmed - subject to a right of appeal by a member municipality as hereinafter provided - should then be deemed to come into effect upon receiving the approval of the Minister, or the approval of the Board if the Minister elects to refer the matter to the Board.

With regard to the two-thirds vote now recommended for adoption of the district general plan, there is opinion in this Commission that it should be a majority vote only as provided by the present act. The main argument in favour of this is that each member municipality is being given the right of appeal to a public hearing and thus the need of approval by two-thirds of the representatives present and voting is a useless precaution which may slow up or even endanger the approval of the district general plan in the first instance. Against this is the view that since the plan is now recommended for adoption direct by the district planning authority, instead of by the local councils, and since the district authority is a composite body composed (largely) of elected councillors from different councils, it would be preferable that the ordinary rule should not prevail. With this latter view the majority

of this Commission concur.

Under the present act, following council adoption, approval of the district General plan rests with the Minister. We believe there is merit in giving the Minister the choice of referring the plan to the Board for approval as provided in Ontario. This would make possible a further public hearing and would make available the experience of a larger number of persons.

9. That pending the coming into effect of the district general plan provision should be made for interim development control.

An Outline General Plan was prepared for the Edmonton region by the District Planning Commission. We understand that its principles have been pretty well adhered to by member municipalities. But, the preparation of a new general plan for the areas - both Calgary and Edmonton - will require some time before final adoption and approval can take place. This Commission thinks that before that time arrives some form of interim control should be exercised over development which might conflict with the district plan during the formative period.

10. That upon the district general plan being approved each municipality should be required to enact forthwith such by-laws as are necessary to give effect to its share of the plan, and thereafter no municipality should enact any by-law or take any action which conflicts with the plan.

The Commission has given consideration to the vesting of power in the district planning authority to pass such by-laws - as recommended in the final submission of the Edmonton District Planning Commission - instead of placing this responsibility in the individual municipal councils. The suggestion is not without merit. However, after extensive discussion we recommend that each member municipality pass the by-laws necessary to carry out its share of the plan.

It is not intended that any municipality should be compelled by the district general plan to make extensive expenditures of local public funds to carry out its share of the plan, since this might lead to an unjust burden being placed upon one particular municipality. The chief object to be obtained is to prevent any municipality from acting against the plan, and the general purpose is to insure that major land uses in the region are zoned according to the regional plan. For example, a rural municipality adjoining

a town or city should not permit undesirable fringe development, nor should any municipality permit the cluttering up of highways by undesirable uses. And finally, a municipality should be prevented from permitting industrial or other development to take place without regard for the effects on another municipality.

11. That upon a municipality enacting a by-law for the purpose of carrying out its share of the district general plan such by-law should be subject to appeal by the district authority or any member municipality on the ground that it fails to implement the regional plan as approved. In the event that no appeal is taken within the prescribed time the by-law should come into effect upon receiving the approval of the Minister, or the approval of the Board if the Minister elects to refer the matter to the Board.

12. That provision be made for the amendment of the district general plan and any by-laws passed for the purpose of putting it into effect. It should be open for any member municipality or the district authority to submit amendments at any time, subject to a right of appeal from the decision of the district planning authority.

13. That provision should be made whereby any property owner or others interested may request the district authority to amend the district general plan or initiate any change in any by-law enforcing the same. In the event of refusal an appeal should lie to the Board.

Provision has been made in recommendation No. 12 above for any member council or the district authority to initiate amendments to the district general plan or any by-law enforcing the same. In recommending an appeal commencing at the district authority level for any property owner or others interested, the Commission has in mind that the applicant for amendment would normally first request his local council to sponsor any change required. If such request were approved by the local authority, it would then no doubt come to the district planning authority through such channel. If the local council refused to sponsor any proposed change it would still be open to the applicant to file his request direct with the district authority, and an appeal could be taken to the Board.

Criticisms of planning often stem from the belief that the individual is being lost sight of and that control of planning policy is in the hands of professional planners. This is certainly not true under Alberta legislation where the role of the planner is advisory, and control of policy is in the hands of elected representatives. This is as it should be and the recommen-

dations of this Commission adhere to that tradition. Moreover, the Commission has been concerned in its recommendations that the individual should have the fullest right of appeal where his interests may seem to conflict with the wider public interest.

14. (a) That the Provincial Planning Advisory Board should act as the final appeal body.

(b) That the present Board should be enlarged from three to five members. Serious consideration should be given to having two persons on the Board who are not permanent members of the Civil Service. A Minister of the Crown should not be a member of the Board. At least three members should adjudicate every appeal.

(c) All appeals should be determined at public hearings held in the metropolitan area concerned, after being duly advertised.

(d) The Board should have jurisdiction to give approval to matters referred to it by the Minister where elsewhere in the recommendations now made the approval of the Minister is required when it is provided the Minister may elect to refer the matter to the Board.

In addition, it should have jurisdiction on appeal or application by a member municipality or the district authority; (1) to settle the content of any district general plan and the by-laws enforcing it; (2) to decide whether any general plan or by-laws enforcing the same or any amendments thereto, or which are proposed, do or do not conform to the district general plan; (3) to determine whether or not a public work or by-law proposed by a member municipality conforms to the district general plan; (4) to determine whether or not a member municipality is conforming to, enforcing or administering the provisions of the district general plan or by-laws enforcing the same.

(e) The Board should also have jurisdiction upon an appeal brought by any property owners or others interested (referred to recommendation No. 13 above) to settle the content of any district general plan or the by-laws enforcing the same.

(f) In disposing of any matter the Board should have authority to order any member municipality to conform to the district general plan or any by-laws enforcing the same within such time and in such manner as it may state in its order.

(g) When, in disposing of any matter, the Board finds any general plan or by-law of any member municipality in effect contrary to the district general plan, the same should cease to have any effect upon the expiration of 15 days from the date of the decision of the Board unless the same is sooner amended in accordance with the decision of the Board.

(h) In disposing of any matter the Board should have power to order the district authority to amend the district plan within such time or times and in such manner as it may state in its order.

(i) The decision of the Board should be final and binding upon all parties.

Under the present act the Provincial Planning Advisory Board is the final appeal tribunal on all matters which are subject to appeal. The Board consists of the Director of Town and Rural Planning and such representatives of Departments of the Provincial Government concerned with any aspect of rural and urban development within the province, as may be appointed by the Lieutenant

Governor in Council. At present, the Board consists of the Director and the Minister and Deputy Minister of Municipal Affairs.

Considerable evidence was adduced as to what would constitute the most satisfactory appeal tribunal. Divergent viewpoints were apparent. Again, the Commission finds itself handicapped in that it is primarily concerned with planning in the Edmonton and Calgary areas only, although some of its recommendations will have wider application. It was recognized that an increased importance would be attached to the appellate body by readon of mandatory membership in the district planning authority which would prepare and adopt the regional plan. The appellate body will be the arbiter in any complaints against the plan and the by-laws enforcing it. It will also deal with appeals arising from amendments to the plan and by-laws providing for such amendments. It is essential that the appellate body should be one which will enjoy the fullest confidence of all appearing before it.

To this matter the Commission has directed much consideration. The Board of Public Utility Commissioners was suggested as a suitable body. Another suggestion was than an entirely new quasi-judicial body should be created along the lines of the Ontario Municipal Board. It was apparent from the evidence that the Provincial Planning Advisory Board as at present constituted would not be a satisfactory body for a number of reasons. The Commission is satisfied no useful purpose would be served by setting up a new and separate appellate tribunal. It rejects the suggestion that the Board of Public Utility Commissioners should act as the appeal body on a number of grounds; one is the desirability of having appeals heard by a body that will have before it at all times the planning picture in the entire province. We also have in mind that as the province grows planning and development problems, and problems of exploitation and the utilization of our resources will increasingly come to the fore. This has been the case in Ontario which now has a Minister of Planning and Development.

Under the recommendations made the Minister has certain functions in respect to approving the district general plan and by-laws, in the event that no appeal is taken. Under these circumstances the Commission believes no Minister of the Crown should be asked or expected to sit on the appeal body.

Other Recommendations.

1. That before the routes of highways or any changes in the same are decided upon, close consultation should take place between the province, the city, and the district planning authority in the area concerned.

As the metropolitan areas expand the location of roads assumes new importance. Civil defence needs also call for consideration in respect to expanding traffic facilities. Close co-ordination of provincial road siting with the plans of the regional authority is essential.

2. That to insure highway controls now exercised by the Department of Highways do not conflict with municipal zoning by-laws or the general plan in effect in a municipality, or the district general plan, the Department of Highways before granting a permit authorizing development within 2,000 feet of a controlled highway should require the applicant to file a permit showing such development has been approved by the municipality.

   In addition, upon an application being filed with a municipality within a district planning authority area, notice of such application should be given to the district authority. Where the municipality approves the development the district authority should have a right of appeal to the Board before the Highways Department grants the permit. If a permit is refused by the municipality the applicant should have the right of appeal to the Board.

Evidence was adduced before the Commission indicating some uncertainty or conflict when dealing with development within 2,000 feet of a controlled highway, for example, the case in the Edmonton area involving the St. Albert Trail Auto Mart.

3. That the Department of Highways should adopt further special regulations in respect to development on controlled highways within the area of a district planning authority to assist in the carrying out of the district general plan.

Upon the district general plan coming into effect, this would involve the Department in expanding its present regulations in accordance with powers which it now has. The intent also is that the Department should not grant permits for highway developments if these conflict with the district general plan.

4. That the subdivision regulations as set out in O.C. 969-53 be amended so that it will be mandatory for the approving authority, Director or Board to notify any city, town or village as to any proposed subdivision within two miles of its boundaries.

The present regulations provide that notice of any such proposed subdivision <u>may</u> be given in order that the local authority have the opportunity

to give its approval of or comments on the application. Urban centres have a justifiable interest in the subdivision that takes place within a reasonable distance of their boundaries.

CHAPTER 6. FINANCES OF THE TWO CITIES

CHAPTER 6. FINANCES OF THE TWO CITIES

Outline of Chapter contents

4. POSSIBLE SOLUTIONS TO THE PROBLEM OF INSUFFICIENT LOCAL REVENUE

(a) Transfer functions to senior government?
(b) Give the cities new taxes?
(c) Increase provincial grants?
    (i) The loan system for municipalities.
    (ii) The grants system - Municipal Assistance, highway grants, miscellaneous.
(d) General conclusions on the grants system.
(e) Grants and local government.

5. A NOTE ON HOSPITALS

(Recommendations are in the text of Part III of this Chapter.)

CHAPTER 6. FINANCES OF THE TWO CITIES

PART I. CALGARY

1. GENERAL

(a) LOCATION. Calgary is situated at the junction of the Elbow and Bow Rivers, the former providing it with an excellent water supply and the latter with occasional floods and a natural outlet for its sewage at very little cost. The city has long outgrown the original valley townsite, and now spreads beyond the river valley to the surrounding heights. Adjoining the city on the south-west is the Sarcee Indian Reserve, so that no expansion is possible in that direction.

The city is on the main line of the C.P.R., the new Trans-Canada Highway, and the main east-west route of Trans-Canada Airlines is also through Calgary. There is a municipal airport within the city limits. Alberta Highway No. 2 runs from the United States boundary 138 miles to the south, through Calgary and northwards to merge into the Alaska Highway. The city is thus well served by main transport routes - rail, road and air. It is also an important defence centre for air force and army.

Calgary is the centre of an agricultural and ranching countryside, with a terminal grain elevator, stock yards, abbatoirs and packing plants. The Bow River serves to irrigate the dry lands to the east, the headgates of the main canal system being inside the eastern limits of the city. Upstream on the Bow, west of the city, Calgary Power Ltd. generates 206,550 h.p. of electricity in a series of 8 plants, which is more than 99% of the developed water power in the province.

The Turner Valley oil and gas field, about 24 miles south-west of the city, was discovered in 1913, and for many years was the largest oil field in Canada. It is now declining and is overshadowed by the numerous newer oil and gas fields, many of them in the southern part of the province, though perhaps the best known names are those of Leduc, Redwater, and Pembina nearer Edmonton. But Calgary is even more noted as the financial and administrative centre of the province's oil industry. As the saying goes, Edmonton _is_ the oil capital, but Calgary _has_ the oil capital. Natural gas is brought into the city from Turner Valley and elsewhere; and more recently from the Shell Oil Company field at Jumping Pound, 30 miles west of the city.

(b) HISTORY. Calgary was founded in 1875 by the North West Mounted

Police as a police fort, and was incorporated as a town in 1884, with a population of 500 and an area of 1600 acres, all south of the Bow River. In 1893 it became a city, under an Ordinance of the North West Territories, with the same area, and a population of approximately 4000 people. The modern period of growth dates from the period immediately preceding the first world war.

Four sections were added to the city in 1910-1912 as the result of an agreement with the Canadian Pacific Railway Company known as the "Ogden Shops Agreement". In consideration of the city undertaking to annex these sections, to provide certain subways, to grant certain tax exemption, to provide street railway service, and to maintain a road from the city to these sections, the company covenanted to construct what is now known as the Ogden Car Shops. Another half-section known as the present Manchester industrial area, was annexed at the same time. The result was to give the city $40\frac{1}{2}$ square miles of territory, an area it was not to exceed until the year 1951. The city's population at that time (1911) was 43,704. At the census of 1901 it had been 4,091, the population having increased to more than 10 times in the ten-year period, with the greater part of that increase taking place in the three or four years before 1911.

The period of high prosperity, unlimited optimism, and speculative land fever, reached its zenith in 1912 and collapsed soon afterwards. The city was left with a large area and the uneconomic extension of utilities. A similar extension occurred, during this period, when in consideration of the construction of a street car line westward to what is now the town of Bowness, John Hextall granted the city title to Bowness Park. This had followed the gift to the city, for a similar consideration, of Shouldice Park which lies getween the city and Bowness. Neither of these parcels was actually incorporated into the city itself, and are still outside. To some extent, therefore, the extension of the premature transport lines to these areas encouraged their initial settlement, and since the transport lines were maintained, the growth of Bowness and Shouldice Park (now called Montgomery), was facilitated in the post-1945 boom.

During the years of the early 1920's the city reaped the whirlwind of the rapid expansion of the 1908-1912 boom. The high assessments led to the reversion of land to the city under tax recovery proceedings, and had it not been for the intervention of the Board of Public Utility Commissioners, which

removed land from the city, cancelled sub-division plans, and granted reduced tax rates for agricultural parcels, a great deal more of the sub-divided land would have reverted to the city with consequent further loss in revenue. The large uneconomic expansion of the city boundaries, containing sub-divided and highly assessed land, not only contributed to the city's financial troubles but also to "fringe growth" at the city limits.

(c) GOVERNMENT. Until a few years ago all the cities of Alberta operated each under its own charter. On January 1st, 1952, a new City Act came into force which introduced a large degree of uniformity, so that in only a few matters do the eight cities now differ. Calgary is governed by a mayor and 12 aldermen, and is the only city in Alberta to use the proportional representation system of election which it adopted in 1919. (Proportional representation is also used in Edmonton and Calgary for the provincial elections.)

The mayor and aldermen are elected for a two year term by the city at large, one half of the aldermen retiring each year. There is thus an annual election for six aldermen, and every other year there is the added excitement of a mayoralty contest. Elections for the public school board and the separate school board are held at the same time. Although persons 19 years of age may vote in provincial elections in Alberta, at the local government level the age limit is 21 years.

The form of city administration is known as Commission-with-Council. There are two appointed commissioners, one for public works and utilities, the other for finance, with the mayor <u>ex officio</u> a third commissioner. In its early days the city experimented with different forms of government, and later adopted the method of electing commissioners; but the new City Act gave cities the option of appointing one or more commissioners or a city manager, and Calgary decided on the appointment method for two commissioners. It is a system which seems to work well, and we see no reason to recommend a change. We are informed that it has been under consideration for possible adoption by the city of Vancouver.

2. MUNICIPAL SERVICES

The city has a full range of normal urban utilities, and the developed or built-up area is nearly identical with that serviced by sewer and water. Utilities and development have thus been co-ordinated or, put in another way, there has been co-ordination of capital planning and other planning, with the city being built up from the centre outwards with the exception of certain "fringes", mostly outside the city limits.

Electricity is purchased wholesale from Calgary Power Ltd., and distributed at retail by the city's Electric Light Department. Natural gas is supplied and distributed at retail by the Canadian Western Natural Gas Company Ltd. The city and the whole area is served by the Alberta Government Telephones.

Calgary is fortunately situated for the quality of its water supply. The Elbow River, a tributary, joins the Bow at Calgary, and is easily dammed. A large reservoir at Glenmore ensures one of the best water supplies in the west. There is some doubt however, whether it is large enough to supply city and fringe communities. Water is supplied to consumers mostly on a flat-rate basis, and to instal a complete metering system is estimated to cost $750,000. If water is not to be metered then the city faces considerable capital outlay for extensions to the water plant and reservoir. The city is at present drilling shallow wells to augment the supply at periods of peak demand, and to postpone expansion of the Glenmore facilities.

It is not easy to say much that is good of the sewage disposal system. There is one sewage disposal plant at Bonnybrook, but for the rest the sewage empties into the Bow below the city. The resulting pollution is naturally not felt by Calgary, but by settlements downstream, some of which have been compelled to put in purification systems. The city has not in the past rated sewage disposal high on its list of capital priorities but in 1954 the provincial Department of Health ordered the city to bring its sewage disposal up to standard. A large capital outlay for a large plant is thus required. A request to the provincial government for a grant to help with the project was refused.

Until recently the number of employees in the fire and police departments was not quite as high as the level recommended by the professional associations, but the number has since been added to.

The city-owned transit system, which began as the street railway department in 1909, now consists of electric trolley and motor buses, and serves the entire area, except for the feeder line from Forest Lawn. The transit system owns and operates Bowness Park, some 80 acres of recreational playground.

Mention may also be made of the magnificent city zoo, complete with its famous models of saurians and other pre-historic fauna, situated in lovely St. George's Park. There is in the city a junior branch, which may be extended, of the provincial university. The public library, erected in 1909-12, was the first in Alberta, and its excellent quality was commented upon by Rupert Brooke when he visited Western Canada before the first world war. Owing to the large

growth of the city the original library is now unfortunately quite inadequate, but the electors turned down a money bylaw for a new building in 1955. Calgary has an important claim to fame in its annual Stampede held in the second week in July. Other civic services will be mentioned in the appropriate places in the pages to follow.

3. FINANCES

(a) BACKGROUND. The boom spirit of the pre-1914 period, and the public demand for services, led to the rapid accumulation of a large public debt. High assessment played its part by giving the city a large borrowing power. The "inflated" assessment of land in 1913 had been some $120,000,000; the present assessment of land which has been revised in 1954 and 1955 and must be considered more realistic, is $82,435,795, for a population at least three times as large, and at a higher level of prices in general.

In 1921 debt charges reached 18 mills out of a total mill rate of 46.6 mills, and for several years was nearly one-third of the budget. The city never quite recovered until recently, despite the somewhat better times of the late 1920's, and with the depression of the thirties the city debt was made bearable only by the introduction of the Fortin Refunding Plan in 1937. The essentials of the Fortin Plan were that it lightened the load of annual charges by extending the term of debt to 25 years.

The second world war brought great prosperity, and was not followed by a slump. However, since the growth of population had started at a high rate in 1948, there was heavy pressure to provide utilities, other services, and schools, and to push on with capital expenditures deferred during wartime. Inevitably, therefore, the city debt again began to grow at a rapid rate.

The general assessment roll is compiled each autumn, after which notices are sent out. A Court of Revision, a three-man body appointed by city by-law, sits and hears appeals against assessments. Appeals may be taken to the Assessment Commission of the province. After the roll is confirmed, the amount to be raised by the mill rate is fixed by council, and the mill rate is struck. Tax notices are sent out in the spring. A minor exception to the general mill rate is agricultural land within the city, (see Chapter 9). The assessment on which the lower agricultural rate was levied in 1954 was $32,850., and in 1955 $97,305.

Besides the general mill rate, special taxes are levied known as local improvement levies. These are charges made against property for such public works as sewers, paving, sidewalks, boulevards, curbs and gutters, grading,

gravelling and water mains. Part of the capital cost of these local improvements is thus borne by the person whose property abuts on the improvements or is in the district which is so improved. The rest is borne by the city at large, and is a component of the common mill rate. A sewer service charge is also levied. The business tax, first started in 1916, is levied at the rate of 8% on the assessed rental value of business property.

(b) ASSESSMENT. Assessment in the city is governed by the City Act, Sections 460-523. Land is assessed at 100% of its "fair actual value". The valuation percentage on buildings was formerly 50, but with the new City Act in 1952 the percentage was raised to 60, in the interest of achieving uniformity with all Alberta cities. The trebling of the land value in 1954 was the result of a new land assessment, which was reduced considerably in the following year. The large increase in building assessment in 1955 is the result of a new assessment in that year, based on 1945 costs. The last general assessment had been in 1936, for both land and buildings.

The following table shows the assessment figures and mill rates for the city since the year 1946.

TABLE 1
TAXABLE ASSESSMENT AND MILL RATE
CITY OF CALGARY, 1946-55

YEAR	LAND	BUILDINGS	"SPECIAL FRANCHISE"	TOTAL	MILL RATE
	$	$	$	$	
1946	23,944,008	36,914,008	1,950,925	62,808,941	46
1948	24,675,290	41,916,330	2,218,605	68,810,225	54
1950	26,623,190	49,691,215	2,678,466	78,992,871	58.5
1952	29,997,676	74,281,555	3,762,500	108,041,731	59.25
1954	92,669,280	92,177,860	4,769,740	189,616,880	48
1955	82,435,795	133,090,480	5,598,280	221,124,555	41
	Less allowance for assessment appeals			1,500,000	
				219,624,555	

SOURCE: Compiled from Financial Statements, Annual Reports D.M.A., and budget. The "special franchise" above is the assessment upon plant, equipment, mains and meters of Canadian Western Natural Gas Co. Ltd.

(c) BUSINESS TAX. The business valuation is not included in the above table, since no mill rate is levied upon it. The following figures give the business valuation over the years.

TABLE 2
BUSINESS TAX VALUATION AND REVENUE PRODUCED
CITY OF CALGARY, 1946-55

YEAR	VALUATION	REVENUE
1946	$ 3,561,410	$ 279,673
1948	4,980,021	371,002
1950	6,958,258	516,095
1952	9,394,226	691,787
1954	11,715,585	943,939
1955	12,785,730	1,005,654

SOURCE: Annual Reports Department of Municipal Affairs, Financial Statements and Estimates, 1955.

(d) TAX EXEMPTIONS. Some property, although assessed, is exempted from property taxation, the chief items being property of Dominion and Provincial and city governments, of the school boards and churches, and the C.P.R. Although exempt from taxation, much of this property pays the appropriate local improvement levies. The following table shows the tax exempt assessment, in relation to taxable assessment, for various years. It will be noted that exemptions today form a smaller fraction of total assessment than in the immediate post-war years.

TABLE 3
TAXABLE ASSESSMENT AND TAX EXEMPTIONS
CITY OF CALGARY, 1946-55

YEAR	TAXABLE ASSESSMENT	EXEMPT ASSESSMENT	TOTAL ASSESSMENT	EXEMPTIONS AS % OF TOTAL ASSESSMENT
1946	$ 62,808,941	$19,181,329	$ 81,990,271	23.4
1948	68,810,225	18,201,730	87,011,955	20.9
1950	78,992,981	18,708,325	97,701,196	19.1
1952	108,041,731	23,668,345	131,710,076	18.0
1954	189,616,880	44,766,250	234,383,130	19.1
1955	219,624,555	49,793,150	269,417,705	18.5

SOURCE: 1946-52 Annual Reports, D.M.A. For 1954-55, city figures. All exempt figures inclusive of city-owned property. The Annual Reports, D.M.A. for 1954 puts exempt total in 1954 at $29,210,925. The 1954 and 1955 figures must be regarded as unreliable.

It will be noted that the percentage of exempt assessment has remained roughly constant. Assuming however that all exempt property is assessed as fully as if it were taxable, and in 1955 had paid the full mill rate of 41, the yield would have been $2,041,519.

Some grants-in-lieu of taxes are paid by the C.P.R., and the senior governments on some exempt properties. These are as follows:

(i) A grant-in-lieu is paid by the Canadian Pacific Railway on behalf of the Palliser Hotel. The rate is $75 a room, for 10 years beginning with 1954, and amounts to $34,500 annually.

(ii) The Dominion government pays grants-in-lieu of municipal taxation on certain crown properties, according to a formula revised in 1955. The amount of Dominion grants paid to Calgary in 1954 was $42,992; whereas the full 48 mill rate would have yielded $484,796. The city estimates that the more generous grants for 1955 will be about $160,000. Taxes are also paid by certain federal Crown corporations - the government elevator ($10,281) and C.M.H.C. ($345).

(iii) Following upon the Judge Report, (Report of the Royal Commission on Taxation, Edmonton, King's Printer, 1948), the provincial government began the policy of paying grants-in-lieu for the property of the Liquor Control Board

and the Marketing Board. The amount of the provincial government grant-in-lieu, upon the liquor vending stores in Calgary (of which there are four and a bonding warehouse) was $15,712 in 1954, and is estimated at $15,000 for 1955. The grant is to the full amount of the tax. The provincial Hail Insurance Board also pays full taxes.

Closely related to exempt assessment is any assessment which is fixed at a specially low figure for reasons of city policy, either under the Industries Assessment Act or other Acts. On this matter, as on tax exemptions generally, see Chapter 9.

(e) CITY DEBT. The essential figures pertaining to the city debt are given in the following table:

TABLE 4
DEBENTURE DEBT
CITY OF CALGARY, 1946-55

YEAR	POPULATION	GROSS DEBENTURE DEBT	NET DEBENTURE DEBT	GROSS DEBT PER CAPITA	NET DEBT PER CAPITA
1946	100,044	$ 9,530,704	$ 5,680,362	$ 95.27	$ 56.78
1948	104,718	8,880,957	4,242,043	84.81	40.51
1950	120,930	15,995,480	8,034,080	132.27	66.44
1952	138,289	20,760,538	10,450,376	150.12	75.57
1954	156,748	41,485,662	22,173,402	264.66	141.46
1955	168,840	50,490,393	28,011,802	299.04	165.91

SOURCE: Compiled from Financial Statements, civic census and budget. The difference between the Gross and Net Debt is accounted for by self-supporting utility debt and the owners' share of local improvement debt. The Gross Debt does not include the School Board Debt which by Dec. 31, 1955 was $9,781,822, and if added to the gross city debt, would have made the grand total of debt $60,272,215, or $356.98 per capita.

The impact of population increase, which has shown itself in increased demand for public works expenditures, has of course been the main cause behind this nearly five-fold debt increase from 1948 to 1955. The debt has grown much faster than the population - five times as compared with a 61.2% increase in population; the per capita gross debt is some $3\frac{1}{2}$ times its size of 7 years ago, going from $84.81 to $299.04. Out of the gross debt of $50,490,393, by far the greater part - $41,609,436 - has been added in the last 7 years, to give an average annual increase of nearly $6 million.

The debt charges (principal and interest combined) for 1955 are put at $3,130,353 of which $1,296,961 is met from local improvements and $1,833,392 is charged to the mill rate. The latter amount is $419,923 more than in 1954. (Debt charges on the utility debt are not shown in these budget figures, but are borne by the utilities.)

The actual composition of the debt as between general, utility, and owners' share of local improvements, is shown below:

TABLE 5
COMPOSITION OF DEBENTURE DEBT
CITY OF CALGARY, 1954-55

	1954	% OF GROSS DEBT	1955	% OF GROSS DEBT
UTILITIES DEBT:				
Elect. light & power ...	$ 500,000 ...		... 1,329,877 ...	
Waterworks	9,232,930 ...		... 10,503,338 ...	
Transit	1,765,000 ...	27.7	... 1,575,000 ...	26.6
LOCAL IMPROVEMENTS: (Owners' share)	7,814,330 ...	18.8	... 9,070,376 ...	18.0
GENERAL DEBT: (Including hospitals and city share of local improvements	22,173,402 ...	53.5	... 28,011,802 ...	55.4
GROSS DEBENTURE DEBT	$41,485,662 ...	100	... $50,490,393 ...	100

SOURCE: Compiled from Financial Statements and city data.

The composition of the city debt, for various years, is given in Table 6 below.

TABLE 6
COMPOSITION OF DEBENTURE DEBT
CITY OF CALGARY, 1937-55

	UTILITIES		LOCAL IMPROVEMENTS		GENERAL		
YEAR	AMOUNT $	%	AMOUNT $	%	AMOUNT $	%	TOTAL $
1937* ...	4,698,176	(43.0) ...	1,765,448	(16.2) ...	4,450,128	(40.8)	10,913,752
1946 ...	2,748,566	(28.8) ..	1,020,489	(10.7) ..	5,761,649	(60.5)	9,530,704
1948 ..	3,085,697	(34.7) ..	1,180,444	(13.3) ..	4,614,816	(52.0)	8,880,957
1950 ..	5,761,642	(36.0) ..	1,844,687	(11.5) ..	8,389,151	(52.5)	15,995,480
1952 ..	7,155,349	(34.5) ..	2,818,387	(13.5) ..	10,786,802	(52.0)	20,760,538
1954 ..	11,497,930	(27.7) ..	7,814,330	(18.8) ..	22,173,402	(53.5)	41,485,662
1955 ..	13,408,215	(26.6) ..	9,070,376	(18.0) ..	28,011,802	(55.4)	50,490,393

SOURCE: Compiled from Financial Statements and Estimates 1955. School debt is excluded. General debt includes hospital debt. * denotes net debt, i.e., "gross" debt less redemption reserves. The "gross" debt in 1937 was $21,460,942, including school debt.

Differing conclusions could no doubt be drawn from the above table. One is that, with the enormous post-war expansion, a somewhat higher proportion of debt is borne by the property owner - as general and local improvement debt combined - and a somewhat lower proportion is utility debt. The reason for this may well be that the utilities are financing directly (without borrowing) a higher proportion of their own capital outlays. The consequence however is that today the property owner carries 73.5% of the city debt, contrasted with 57% in 1947.

(f) SOURCES OF DEBENTURE FUNDS. City borrowing in the past has traditionally been by floating bond issues on the open market. But as the debt increased in recent years, and it became more difficult and more costly to sell bonds on the money market, increasingly the city turned towards the province. Fortunately, at that time (1950) the province had instituted its Self-Liquidating Projects Act, followed in 1953 by the Municipal Capital Expenditure Loans Act. Here, then, is the source in recent years of city debenture funds. The city bonds are sold to the province at lower interest rates - 2½ to 3½% - than the city could hope to obtain on the open market. Indeed, the city certainly could not have borrowed so much on such favourable terms in recent years, if the province had not bought the bonds.

Table 7 below shows the present distribution of the city's debentures. Since in recent years the borrowing has been entirely from the province, the proportion of the city debentures held by the provincial government has increased until now it is more than 78%.

TABLE 7
DISTRIBUTION OF DEBENTURES
CITY OF CALGARY, 1948-55

YEAR	HELD BY PROVINCE	HELD BY THE PUBLIC	TOTAL	% HELD BY PROVINCE
1948	$ -	$ 8,880,958	$ 8,880,958	-
1952	6,455,370	14,305,168	20,760,538	31.1
1954	29,178,495	12,307,167	41,485,662	70.3
1955	39,527,040	10,963,353	50,490,393	78.3

SOURCE: Compiled from city data.

A brief note on the province as a source of debenture funds may not be out of order here, since provincial lending plays such a large part in the capital financing of the two cities.

Under the earlier Self-Liquidating Projects Act, the Province lent to urban municipalities at 2% for terms up to 30 years for such projects as sewer and water systems. Under the new Municipal Capital Expenditures Loans Act of 1953, the term is from 5 to 25 years, the interest rate varies from 2½ to 3½%; all municipalities, including hospital districts may borrow, and the purposes for which loans may be made are broadened.

While the provincial lending is certainly appreciated by the cities, some criticisms were given in the public hearings of the Commission in Calgary:

(i) It was said in evidence that the term of the loans should be lengthened to approach more nearly the life-time of the capital asset, which in

some instances - e.g., sewer lines - is longer than 25 years. To make the term of the loan correspond more nearly to the lifetime of the asset has the merit that those who benefit from the asset are those who pay for it.

The force of the argument is somewhat blunted, however, by other evidence that it is the city's policy to keep the term of loans as short as possible; and similarly, wherever possible, to finance utility capital expenditure out of current revenue. Further, the provincial government follows the policy of financing all its capital expenditure from revenue, and the Act is designed to encourage short to medium term borrowing by municipalities.

(ii) The bonds are of the annuity type, whereas with an alternative type of debenture, the annual interest charges would decrease each year. Or again, a sinking fund method could theoretically be used for redemption, but this method has declined everywhere in popularity for municipal borrowing, and is not followed in provincial lending; experience with it in the cities has not been altogether happy. We are content to see this method of municipal repayment sink into well-deserved obscurity in Alberta.

(iii) Finally, a more general criticism, as put forward for example by the Mayor of Calgary, was that there ought to be less need for borrowing by the cities, since provincial and municipal revenues combined, are probably sufficient for provincial and municipal purposes combined; the distribution of the combined revenue is unequal, so that whereas the province can follow a pay-as-you-go policy, the cities are forced to accumulate large debts.

After due consideration of the matter the Commission does not recommend that the term of lending should be lengthened, under the Municipal Capital Expenditures Loans Act, or that the annuity type of bonds be altered.

(g) PROVINCIAL GRANTS FOR CAPITAL PURPOSES. Debenture borrowing is only one of the methods by which the city has obtained funds for capital outlay in this period of great expansion. Another source has been provincial capital grants. The system of provincial grants to the municipalities of Alberta is not a simple one, and something further is said on the subject in Part III of this Chapter. Suffice it to say here that capital or construction grants are given for hospitals, highways and bridges, and schools; while a variety of operating grants are also given for welfare, schools, etc; together with unconditional "Municipal Assistance" grants, which may be used by the recipient municipality for any purpose whatsoever. The construction or capital grants, are those of interest here.

Provincial capital grants for hospitals and highways are shown in Table 8 below:

TABLE 8
HOSPITAL AND HIGHWAY CAPITAL GRANTS
CITY OF CALGARY, 1952-56

	1952-53 & 1953-54	1954-55*	1955-56*	TOTAL FOUR YEARS
Hospital Construction	$ 324,709	$ -	$25,000	$ 349,709
Roads, bridges, and other structures	280,030	858,800	10,000	1,148,830

SOURCE: Budget Speech, 1955. * denotes estimates. Construction grants for schools are shown in Chapter 7.

The province met 40% of the cost of the 14th Street Mewata bridge and underpass to a maximum grant of $700,000, contributed $150,000 to the cost of the new Cushing bridge, and to widening the Edmonton Trail near the Wireless School, and to that portion of the Trans-Canada Highway which traverses the northern part of the city. All of these contributions are included in the table above.

The process by which the province contributes to highways and bridges in the cities is not on a systematic or formula basis, but is largely by bargaining or agreement. In rural areas the basis is more regularized - the province pays all the cost, if the bridge is over 20 ft. long and, from 1955, makes a contribution for the approaches, which in some instances may cost more than the bridge itself.

The argument for capital grants for city roads and bridges is based on the wider-than-city needs of arterial traffic. The chief criticism of highway construction grants (apart from grumblings that they are too small), is that because of uncertainty as to the amount of grant which the province will make, capital planning is handicapped. The suggestion therefore put forward in evidence was that the present ad hoc basis of grants be replaced by a more systematic basis, for which there is a good deal to be said.

(h) CAPITAL SPENDING FROM REVENUE AND RESERVES. Capital expenditures are made not only from borrowed funds, and provincial capital grants, but also by capital spending from revenue and from reserves.

The following table shows the capital spending from these different sources in the last few years.

TABLE 9
CAPITAL EXPENDITURES BY SOURCES OF FUNDS
CITY OF CALGARY, 1953-55

SOURCE OF FUNDS	1953	1954	1955
Debenture issues	$12,507,628	$12,450,000	$12,168,500
Reserve funds	980,456	842,500	869,865
Current Revenues	800,000	1,000,000	717,000
Capital funds on hand.	230,000	-	-
	$14,518,085	$14,292,500	$13,755,365

SOURCE: Compiled from Financial Statements and budget.

Out of some $38,194,947 spent on capital purposes between 1948 and 1953 over $8 million was financed from reserves and current revenue. The sources of current revenue from which sums are drawn for capital spending are chiefly the city utilities, and pre-eminent among these is the Electric Light Department. The reserves have also been accumulated largely, though not wholly, from the same sources. Capital spending from revenue and reserves has the advantage that it is not subject to the vote of the burgesses and the approval of the Board of Public Utility Commissioners, so that it leaves the council freer to use their own judgment as to what capital expenditures are more urgently needed.

(i) STILL OTHER METHODS OF CAPITAL FINANCING. (i) The sale of city-owned land provides the city with revenue, most of which is transferred to the general reserve for works and improvements. In 1954 land sales netted the city $1,167,130, and although city-owned land has now been nearly all sold, while it lasted for many years, it gave the city substantial revenue which could be used from time to time for capital expenditures, especially on the city's share of local improvements.

(ii) Further, city policy now, is to require pre-payment of certain local improvements on land sold by the city, and this too may be regarded as capital funds, since it relieves the city of capital financing by borrowing.

(iii) Moreover, the burden of capital outlay is eased in those cases where private developers install all the utilities and physical services in large developments. At least two such developments - Glendale and Thorncliffe - were so financed, and others may follow suit. This trend to the installation of utilities by the private developers, is common nowadays throughout Canada. One of its effects is to remove the costs of initial capital financing from civic shoulders to those of the developer, and presumably in some cases to the house-buyer.

4. CITY REVENUES

(a) TAXATION. Taxation accounts for around 75% of city revenues - including in the term taxation the mill rate, the business rental tax, local improvement levies, and the sewer service charge. The percentage is estimated to decline slightly in 1955, thanks to larger provincial and federal grants. The figures are given in Table 10 below.

TABLE 10
SOURCES OF REVENUES BY CLASSES
CITY OF CALGARY, 1954 & 1955

	1954 AMOUNT	%	1955 AMOUNT	%
General Departmental	$ 844,758	5.7	$ 843,443	5.5
Miscellaneous	66,129	0.5	136,238	0.9
Utilities	1,282,893	8.7	1,232,571	8.0
Prov. Government Grants	1,237,485	8.4	1,313,810	8.5
Dom. Government Grants	42,992	0.3	160,000	1.0
Taxation: (Mill rate, business tax & Local improvements, sewer service charge)	11,222,789	76.4	11,713,625	76.1
Total Revenue	$14,697,046	100	$15,399,687	100

SOURCE: Compiled from city Estimates, 1955. The amount shown under provincial grants is almost wholly "Municipal Assistance". It is not possible, from city financial statements, to find the total assistance of all kinds from the province. See Annual Reports, D.M.A. which , for 1954 puts total grants to Calgary at $3,079,719.

The tax revenues alone, in more detail, are shown in the following table.

TABLE 11
ANALYSIS OF TAX REVENUES
CITY OF CALGARY, 1954 & 1955

	1954 AMOUNT	% OF TAX REVENUE	1955 AMOUNT	% OF TAX REVENUE
Property Tax (mill rate)	$ 9,056,190	80.7	$ 9,000,617	76.8
Local Improvements (owner's share	1,022,859	9.1	1,296,961	11.1
Business Tax	943,939	8.4	1,005,654	8.6
Sewer Service Charges...	191,646	1.7	400,000	3.4
Veterans' Land Act	6,840	0.1	6,500	0.1
Special Taxes	1,314	-	3,892	-
	$11,222,788	100	$11,713,624	100

SOURCE: Compiled from city Estimates, 1955. The special taxes are for special improvements, e.g., on Dominion property. Note that the tax yield from civic utilities is shown under utilities, and not under tax revenues.

Of all the taxes the property tax is easily the most important, yielding 80.7% of the tax revenue in 1954 and 76.8% in 1955. Further discussion on the property tax, including the question of its allegedly intolerable weight is dealt witb in Part III of this Chapter. The business tax, yields some 8.6% of all tax revenue, and local improvement levies some 11.1%. Both are discussed more fully in Chapter 9.

In their search for new sources of revenue, United States cities have widely adopted an annual sewer service charge. This custom has spread to Alberta, was tried in Claresholm in 1940-41, and was begun in Calgary in 1954, when $191,646 was derived from this "charge", and $400,000 is expected in 1955. It may be regarded as a tax for sewer use, comparable say to the other utility bills of the householder. It is authorized by Section 321 of the City Act, and the bill to the consumer is related to water consumption. The revenue from the sewer service charge is not shown under taxation in city financial statements, where it more properly belongs, but under "miscellaneous".

(b) PROVINCIAL GRANTS. Not all city revenue comes from taxation in its various kinds. There is also revenue in the form of grants from the senior governments. Those grants which are paid <u>ex gratia</u>, in lieu of taxation, have been mentioned earlier, but there are other grants as well. Provincial grants are of several kinds.

(i) <u>Grant-in-lieu of service tax</u>. Twenty-three years ago Calgary and Edmonton levied a service tax - a form of income tax - which was very unpopular. When income tax was then taken over wholly by the province, the two cities were compensated by a total annual grant of $60,000, of which Calgary's share is $30,000. The Hardy Report (<u>Local Government Financing in Alberta</u>: A Report prepared for the Union of Alberta Municipalities by the Citizen's Research Institute of Canada, November, 1954) recommended that this grant be abolished, and the Commission agrees. The recommendation is based on the wisdom of simplifying the grants system wherever possible; and on the assumption that total assistance to the two cities will not be reduced thereby. (See Part III of this Chapter.)

(ii) <u>Road Maintenance grant</u>. This amounted to $8,810 in 1954, and the same amount is expected in 1955. The rate is $500 a mile on arterial roads, and is based on 50% of the maintenance costs on provincial standards for highways, which differ from city requirements for such highways through the city. The same basis was formerly used to help highway maintenance in towns, but for towns the province now bears the whole maintenance costs.

(iii) <u>Municipal Assistance grant-in-aid</u>. "Municipal Assistance", of unconditional revenue grants to the municipalities, was started in 1951. The proceeds come from the provincial gasoline tax. The share of urban municipalities is distributed on a per capita basis, which came to $7.51 in 1955. (See also Part III.)

The amount received by Calgary is as follows:

	1954	1955 (Est.)
Municipal Assistance grant-in-aid	$1,182,961	$1,260,000

It was allocated by the city as follows in 1955:

In aid of the city levy (general revenue)	$ 856,121
To public school board	359,803
To separate school board	44,076
	$1,260,000

As a result of the Municipal Assistance grant, the mill rate was held to 41 in 1955, and without the grant would have been 46.7

(iv) Other miscellaneous grants. Other provincial grants of an operating kind are received by the city for a variety of purposes and on a variety of bases. (Capital grants are omitted here, as are all school grants.) Most of these miscellaneous grants are not shown in the city's consolidated financial statement of revenue and expenditure, but under the various departmental figures which often transfer only net figures to the consolidated statement. The total cash receipts and disbursements of the city, by all departments, is close to $60 million a year, whereas the consolidated financial statement and the budget figures for revenue and expenditure deal only with approximately $15 million a year.

The miscellaneous grants under this heading cover health grants, grants for public charities, children's aid, civic welfare, juvenile delinquency, hospitals and library. The following figures on provincial (and Dominion) grants are taken from the 1955 Estimates of the city.

TABLE 12

PROVINCIAL AND DOMINION GRANTS

PROVINCIAL GRANTS	1954	AS % OF TOTAL REVENUE	1955	AS % OF TOTAL REVENUE
Road maintenance grant	$ 8,810		$ 8,810	
Grant in lieu of service tax ..	30,000		30,000	
Grant in lieu of taxes on Crown property	15,712		15,000	
"Municipal assistance"	1,182,961		1,268,355	
	$1,237,484	8.4	$1,322,165	8.6
DOMINION GRANTS				
Grant in lieu of taxes on Crown property	$ 42,992	0.3	$ 160,000	1.0
		8.7		9.6

In view of the foregoing remarks, the above table cannot be taken as showing total operational grants received from the province (or even those on behalf of all Dominion property) and still less does it show the total operational and capital grants combined. It is a pity this information is not available from city financial statements, and that the statements of the two cities are not uniform, so as to permit ready comparisons.

If we go to the provincial government figures, the following table shows the provincial assistance received by the city of Calgary in recent years. Both capital and operating grants are included. For the later years the figures are estimates.

TABLE 13

PROVINCIAL AID - CITY OF CALGARY, 1952-56

DIRECT ASSISTANCE	Two years 1952-1954	1954-55*	1955-56*	Total 4 years
1. EDUCATION	$	$	$	$
Op. grants to schools	1,089,143	912,800	1,850,000	3,851,943
Const. grants to schools	314,886	1,000,000	1,000,000	2,314,886
To Teachers' Retirement Fund	163,591	100,000	120,000	383,591
2. PUBLIC HEALTH				
Hospital grants	1,022,533	594,500	850,000	2,467,033
Hospital Const. grants	324,709	-	25,000	349,709
Health Service grants	52,091	27,000	27,000	106,091
3. HIGHWAYS				
Roads, bridges, etc.	280,030	858,800	10,000	1,148,830
4. TREASURY				
Grants-in-lieu of taxes	66,565	35,000	35,000	136,565
Municipal Assist. Grants	1,749,867	1,085,000	1,250,000	4,084,867
5. ATTORNEY GEN'S. DEPT.				
Remission of fines under Liquor Control	39,844	24,000	25,000	88,844
6. PUBLIC WELFARE				
Indigent Relief	207,779	112,000	150,000	469,779
TOTAL DIRECT	$5,311,038	$4,749,100	$5,342,000	$15,402,138
INDIRECT ASSISTANCE				
1. Medical & Hospital care for Pensioners	400,977	250,000	300,000	950,977
2. Other Public Health & Welfare Services	1,175,603	797,000	1,000,000	2,972,603
TOTAL INDIRECT	$1,576,580	$1,047,000	$1,300,000	$3,923,580
TOTAL, Direct & Indirect	$6,887,618	$5,796,100	$6,642,000	$19,325,718

SOURCE: Budget Speech, 1955. Largely because the city financial year is the calendar year, whereas the financial year for the province ends on March 31st, it is not possible to reconcile the city and provincial figures. * denotes estimates.

(c) MISCELLANEOUS REVENUES. The following table shows the small amounts of miscellaneous revenues of the city.

TABLE 14
MISCELLANEOUS REVENUE,
CITY OF CALGARY, 1954 & 1955

ITEM	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
Sundry small revenues	$ 7,884		$ 6,500	
C.P.R. Hotel Assessment (grant)	34,500		34,500	
Stockyards	13,593		13,500	
Sidewalk Areas	2,559		2,500	
Credit to Administration due from Capital Works Program ..			75,000	
Surplus from previous year	7,592		4,238	
	$66,129	0.5	$136,238	0.9

SOURCE: Compiled from city Estimates for 1955. The item of sewer service charges has been transferred from "miscellaneous" to taxation. (See Table 11.)

(d) REVENUES FROM GENERAL DEPARTMENTS. These include airport fees, licenses, police revenue, etc., and the amounts may be seen in the table below:

TABLE 15
GENERAL DEPARTMENTAL REVENUES
CITY OF CALGARY, 1954-55

	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
Airport	$ 80,159		$ 81,940	
Assessment and Tax ...	48,358		47,750	
City Hall Annex	26,291		28,962	
Engineers	160,130		157,650	
Health	1,759		1,800	
Land	60,884		49,850	
License	177,794		174,000	
Parks	60,999		68,690	
Police	189,381		190,000	
Pounds and Scales	5,695		5,800	
Town Planning	933		2,000	
Wiring	32,369		35,000	
	$844,758	5.7	$843,443	5.5

SOURCE: As for Table 14.

(e) REVENUE FROM CIVIC UTILITIES. The revenue from the city-owned utilities is normally of two kinds: revenue from taxation of the utilities, and the contribution from utility surplus to city revenue.

TABLE 16
UTILITY REVENUES
CITY OF CALGARY, 1954-55

	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
Electric Light:				
Taxes	$ 252,942		$ 271,169	
Surplus	684,688		697,477	
Contribution to General revenue	90,000			
Waterworks:				
Taxes	90,322		104,925	
Interest on Capital Advances ..	32,863		30,972	
Transit:				
Taxes	132,075		128,025	
	$1,282,892	8.7	$1,232,570	8.0

SOURCE: As for Table 14.

The three civic utilities are taxed at 5% of their gross revenues, and this for all practical purposes, is the only tax. The 5% rate was set in 1920 upon the transit system, and before then had been 4%. There is no property tax (mill rate) upon the city utilities, as is the case in Edmonton.

It will be seen that the Electric Light Department is the only one to show a sizable surplus. For 1955 the Transit System may turn up a deficit, and the Waterworks only manages to stand on its own feet. On the other hand, it must be remembered that the utilities finance much of their capital expansion out of revenue, as an alternative to borrowing and adding to the city utility debt. The water and transit rates are relatively low, and there may be a case for raising them.

5. CITY EXPENDITURES

The following table shows the expenditures of Calgary, arranged under headings designed to be as informative as possible.

TABLE 17

EXPENDITURES BY CLASSES
CITY OF CALGARY, 1954-55

	1954		1955 (Est.)	
	AMOUNT	%	AMOUNT	%
Administrative and General Government..	$ 895,875	6.0	$ 878,295	5.7
Protection to Persons and Property	2,443,452	16.7	2,633,365	17.1
Health	205,453	1.4	231,687	1.5
Social Welfare	349,225	2.4	440,454	2.8
Hospitals	1,413,485	9.6	1,444,215	9.4
Public Works	965,490	6.6	936,920	6.1
Sanitation and Waste Removal	1,062,492	7.2	1,095,304	7.1
Recreation (Including Library)	805,621	5.5	897,364	5.8
Miscellaneous Departments	100,625	0.7	112,396	0.7
Debt Charges	2,436,328	16.6	3,130,353	20.4
Education	4,014,762	27.3	3,288,929	21.4
Reserves	-------	---	200,000	1.3
Surpluses for Year 1954	4,238	---	29,007	0.2
Deficit - Transit System	-------	---	81,398	0.5
Total City Expenditures	$14,697,046	100.	$15,399,687	100.

SOURCE: As for Table 14.

The largest expenditure items are for schools, debenture charges, protection (fire and police), hospital and the engineering division (chiefly public works and sanitation) of the city. Together, these amount in 1955 to more than $12 million, thus leaving something less than $3 million for all the rest of the city's expenses combined.

6. CITY EVIDENCE.

The city of Calgary put in evidence a forecast of the city's finances for the next five years. Without making allowance for extra costs due to annexation and amalgamation, the estimate was based on three major premises:

(i) No extra taxes, or any rise in taxes beyond the 48 mill rate of 1954.

(ii) A population increase of 7% a year, and expenditures increased accordingly, working from a 1954 per capita base, plus 10%.

(iii) Capital expenditures of $15 million a year.

The resulting estimates were rather staggering. They showed net deficits annually, beginning with $1.38 million in 1955 to $6.6 million a year in 1959.

These estimates may well be too high. For one thing, the population increase may fall off. For another, the capital expenditures actually budgeted for in 1955 are not in fact $15 million, but $13.75 million; and they might conceivably be less in other future years, although there is no doubt they will be high. Finally, the grants-in-aid of 1955 - especially the new Tax Reduction

Subsidy for schools - have already made the city's forecast obsolete. The mill rate has come down from 48 to 41. Even though the estimates may be high there can be little doubt that the city will need large capital and other expenditures in the years ahead.

The city made also a series of recommendations as to how its financial load might be lightened. The chief of these were that the province should provide:

(i) 50% of the gross cost of education (See Chapter 7).

(ii) 100% of the gross cost of hospitalization (See Note on Hospitalization Part III of this Chapter).

(iii) Unconditional grants-in-aid on a per capita basis, with a bonusing system for rapid growth and "demonstrated fiscal need".

The city put forward, however, no precise method of measuring "unusually rapid growth", although it would not be difficult to do so. (See Part III). With regard to "demonstrated fiscal need" the city's evidence was most unsatisfactory. In the end, if the budget criterion suggested by the city were accepted, then either (a) the province would have to take the city's word, or its budget deficit, as proof of "need", regardless of whether the city is taxed lightly or heavily, is extravagant or frugal; but such a proposal is surely not realistic. Or (b) the city would be required to submit its budget in detail to the province which would be the judge of what and how much expenditures are necessary, which is surely intolerable for the city, while imposing an invidious task upon the province. In part III of this Chapter we suggest that the special factors of unusually rapid growth, and large size, be made the justification for special assistance.

PART II EDMONTON

1. GENERAL

(a) Location

Edmonton is the capital city, some 85 miles south of the geographical centre of Alberta. It is situated on the high land on both banks of the North Saskatchewan River, which was in the early days a means of communication by boat. The river is the source of the city's water supply and the outlet downstream, for its sewage. Unfortunately the river is fast, icy-cold and often muddy so that it is not much used for recreation, although the river valley itself and the numerous ravines are scenic and provide much natural and improved park land within the city. The river flow is highly seasonal, and is unsuitable for generating power, which is generated instead by the use of natural gas.

The city is on the main Canadian National Railway line, and is the southern terminus of the Northern Alberta Railway. Highway No. 2 from the United States border passes through Edmonton to the north, where it joins the highway to Alaska, built during the second great war. Highway No. 16 - west to Jasper and the Rockies, and east to Saskatoon - also runs through the city. The municipal airport, within the city, is a centre for the transport of goods and passengers to the far-flung north country of Alberta, the Yukon, the MacKenzie, the North-West Territories, and Alaska. Hence the title "Gateway to the North". There is also Trans-Canada Airlines plane service to the east and to the coast, and a projected new federal airport south of the city. Edmonton is thus well served by transport lines. Perhaps it should be better served. At any rate there is considerable public opinion in support of another Trans-Canada Highway to the coast, via the Yellowhead route.

The city is a distributing and commercial centre for the north, and for a large mixed farming district. It is in a rich black soil area, normally with sufficient rainfall. The city has a terminal grain elevator, stockyards, abbatoirs, and packing plants. There is lumbering to the west and north. Edmonton is now the centre of a tremendous oil and natural gas development which, starting with exploration, has now grown also into refining and petro-chemical industries. It is also the centre of a network of oil pipe lines which bring oil from the various fields, and from which oil flows also to the west coast, and to eastern Canada as far as Sarnia - the longest pipe line in the world.

Natural gas is brought into the city by Northwestern Utilities Ltd. Besides its domestic use, the gas provides the fuel for the city's electricity-generating plant, for commercial uses, and for some of the new industries.

(b) History

Edmonton started as a trading post of the Hudson's Bay Company, on the north bank of the river in 1795. When the Company's western territory was transferred to the Dominion in 1869, the Company retained 1,000 acres around its trading station, and to this day part of the city, although now built up, is known as the Hudson's Bay Reserve. In 1845 the population was 90.

Edmonton was a village in 1872, and was incorporated as a town in 1892, when the only rail line (to the settlement of Strathcona on the south bank) was the Canadian Pacific Railway spur from Calgary. The Canadian National Railway came to Edmonton in 1905, and rail connection was by way of the low level bridge since the present high level bridge was not built until 1912. In 1904 Edmonton was incorporated as a city, with a population of 7,000. With the founding of the province in the following year, and after considerable political dispute, Edmonton was chosen as the provincial capital and a few years later - 1908 - as the site for the provincial university.

In 1912 the cities of Edmonton and Strathcona were amalgamated. Strathcona, on the south side of the river, had been incorporated as a town in 1899 and as a city in 1907. Before the union, Edmonton had a population of nearly 25,000, and Strathcona nearly 6,000. Consummation gave the new city more than 30,000 inhabitants.

Edmonton grew considerably during the recent war. It was on the inland route to Alaska by road, the airport was a training centre and a point on the staging air line to Alaska and the north. Edmonton is still an air defence centre, and also army headquarters for Western Command.

The really explosive burst of population began however, after 1947 when, on February 13th, 1947, the discovery well - Imperial No. 1 - "blew in" at Leduc. Since then a number of other fields have been discovered, of which Pembina and Redwater are the two largest.

(c) Government

The city is governed by a mayor and council, elected for a two year term. The terms of union with Strathcona in 1912 provided that at least three of the aldermen elected should come from the south side, i.e. from the former city

of Strathcona. There are 10 aldermen, of whom five retire each year. Every other year, when there is a mayoralty contest, interest in the election picks up markedly, although a small percentage of voters usually turn out for civic elections. The public school board and the separate school board are elected at the same time each year as the councillors.

The form of city administration is like that in Calgary, and is headed by three commissioners of whom two are appointed by council while the third is the mayor, ex officio. The system was established by the original charter of 1904 and has been retained ever since.

2. MUNICIPAL SERVICES.

One of the more striking features of municipal services in Edmonton is the number of utilities which are city-owned. Some of them make handsome profits which help the general revenue of the city, and provide for much of their own capital expansion out of revenue.

Both generation and retail distribution of electricity is a municipal function, and in some cases electricity is sold to outside areas at a rate somewhat higher than city charges. The large construction program of 1955 will have doubled the total output within a space of two years. Natural gas is brought into the city from the Viking-Kinsella field to the east, and from elsewhere, and is retailed by Northwestern Utilities Ltd.

Telephones are also a municipal utility, having been taken over in 1904. The first telephones in western Canada were installed in Edmonton in 1884. The first automatic telephones on the continent are said to have been those put into service in Edmonton in 1907. Calgary followed in 1910. Five exchanges now handle more than 70,000 phones, over double the number in use four years ago.

The city-owned waterworks draws its supply from the North Saskatchewan River. The process of purifying the water includes also the necessary water softening. The capacity will be almost doubled from its present 31 million gallons a day, when the large extension is finished in 1956. A large reservoir - of 12½ million gallons - is being built to ensure pressure for the northern part of the city during the peak periods.

The sewage disposal plant has long been inadequate. A Department of Health order similar to that for Calgary, has compelled the city to begin construction of a new plant. The project will cost more than $6 million.

The incinerator for garbage disposal is, from a planning view-point, badly sited in what would otherwise be an attractive park land of river valley.

The fire department facilities have recently been greatly expanded, with a consequent drop in fire insurance rates, and are now said to rank with the finest in Canada. The police force numbers more than 280.

The transit system is city-owned, and by 1951 was completely converted from trams to an all-bus system, with about half being electric trolleys, the rest motor buses. The fares are the lowest of any city in Canada of similar size. Privately owned feeder lines serve the towns of Jasper Place and Beverly.

The city is, generally speaking, well equipped with community services, and will be better served when the new city hall, now building, is completed in 1956. The city zoo, however, has long been a small and rather pathetic effort not to be compared with that in Calgary. But plans have long been maturing for a new zoo, in a splendid river valley location, and there is every prospect that they will come to fruition in the near future. A money by-law of $400,000 for a zoo was approved in 1955. It is unnecessary to describe the other civic services such as public libraries, parks, public health and hospital facilities. Where any of the civic services need special mention it will be given at the appropriate place on the pages which follow.

3. FINANCES

(a) Background

Edmonton has had a somewhat erratic financial history. The big boom before 1914 saw the city accumulate a large debt, on the basis of high expectations, and when the bubble burst, 110,000 lots in all were on the tax roll, of which two-thirds reverted to the city. Tax arrears, later capitalized, accumulated to the amount of $10 million. Tax collections in 1916 were only 49 cents on the dollar. For many years only some 60% of the tax levy was collected, and borrowing was undertaken to enable the city to carry on.

In the depression of the thirties, payments into the Sinking Fund were waived, and various other devices were resorted to, in order to cut expenses. The bank overdraft ran to $2.5 million. The gross debt at one point stood at $37.8 million and the average interest rate was 5.2426%, although some of the bonds carried as high as 7%.

Hence the Fortin Refunding Plan, a scheme which lightened the annual load on the city by extending the term of debt. The term of 30 years was agreed

upon, beginning with 1937, with a call feature, and from then onwards the city never looked back. The first "refunding" was for $9.15 million in New York, and the interest rate was cut to an average of 3.39%. The net result was that interest charges were reduced from $1.9 million to $559,000 a year. Thenceforth the city levied for the full amount it required, and every year a surplus appeared, which was used to construct capital works.

The second world war, unlike the first, brought great financial benefit. The Fortin Plan had been in operation for two years, and had eased the burden of debt charges. All utility revenue expanded greatly, and even the street railway made a surplus on a five-cent fare. The Americans were building the Alaska Highway and the Canol Pipe Line. A reserve of $6 million in Victory bonds was accumulated, which could not be spent, for patriotic reasons, and in any case materials and labour were scarce. The mill rate was held at 49.50 from 1942 to 1950.

(b) Assessment

The tax system is essentially the same as that of Calgary, and so need not be described in detail here. The compiling of the general assessment roll, its confirmation, the striking of the mill rate are along the same lines. So too, is the special rate for the taxing of agricultural land within the city while the business tax and the tax exemptions are also similar. Where differences appear, as in the method of local improvement levies and business taxation, they will be noted elsewhere.

Land is assessed at 100% of "fair actual value". Single family dwellings are at 50% with all other buildings and improvements at 60%. The base year is the 1944-1945 average, as compared with 1945 in Calgary, for buildings and improvements. A re-assessment of improvements begun in 1949 was completed in 1952. Land is now being revised upward. The previous re-assessment had been in 1934.

The following table shows the taxable assessment and mill rates since the year 1946. (The inflated assessment in 1914 - with a third of the present population - was $191.3 million, or almost equal to that in 1954!)

TABLE 18

TAXABLE ASSESSMENT AND MILL RATE
CITY OF EDMONTON, 1946-55

YEAR	LAND	BUILDINGS	TOTAL	MILL RATE
1946	$ 26,604,440	$ 50,643,775	$ 77,248,215	49.50
1948	28,735,440	62,099,335	90,834,775	49.50
1950	39,543,800	80,869,510	120,413,310	49.50
1952	42,963,050	136,304,180	179,267,230	52.50
1954	45,753,710	153,020,400	198,774,110	53.00
1955	61,112,420	171,146,080	232,258,500	48.00

SOURCE: Compiled from City Financial Statements & Reports, & 1955 Estimates. For 1955 the assessment figures include the Terrace Heights annexation of $242,360 which was subject to only 22 mills in that year and for part of 1954. Included also in the (1955) assessment for buildings is $10.5 million for the city-owned utilities, and $4.4 for the gas company.

(c) Business Tax

The valuation for business tax is 100% of gross rental value. Unlike Calgary where the rate is a flat 8%, Edmonton groups businesses into five classes according to the type of business, and the tax varies between the classes from 6% to 20%.

The table below gives the business tax figures since 1946.

TABLE 19

BUSINESS TAX VALUATION AND REVENUE PRODUCED
CITY OF EDMONTON, 1946-1955

YEAR	VALUATION	REVENUE PRODUCED	REVENUE AS % OF VALUATION
1946	$ 3,924,985	$ 373,362	9.5
1948	4,988,458	467,862	9.4
1950	6,728,146	709,295	10.5
1952	9,005,700	991,969	11.0
1954	11,731,000	1,304,078	11.1
1955	12,300,000	1,350,000	11.0

SOURCE: As for Table 18.

(d) Tax exemptions.

The following table shows the amount and percentage of tax exempt property in Edmonton since 1946.

TABLE 20

TAXABLE ASSESSMENT AND TAX EXEMPTIONS
CITY OF EDMONTON, 1946-1955.

YEAR	TAXABLE ASSESSMENT	EXEMPT ASSESSMENT	TOTAL ASSESSMENT	EXEMPTIONS AS % OF TOTAL ASSESSMENT
1946	$ 77,248,215	$10,950,975	$ 88,199,190	12.4
1948	90,834,775	9,369,040	100,203,815	9.3
1950	120,413,310	12,896,560	133,309,870	9.7
1952	179,267,230	12,949,360	192,216,590	6.7
1954	198,928,270	22,590,280	221,518,550	10.2
1955	232,258,500	42,305,940	274,564,442	15.4

SOURCE: For 1946-54, Annual Reports, D.M.A. For 1955, city information.

Whereas in Calgary, the proportion of exempt assessment is roughly the same in recent years, that is not true of Edmonton; and as the percentage of exempt property increases the city's assessment base shrinks. Assuming that the exempt assessment is fully assessed as if it were taxable, and the full mill rate of 48 were applied, the yield would have been $2,030,685.

Some grants-in-lieu of taxes are of course received by the city on behalf of exempt property, as follows:

(i) The provincial grant-in-lieu of full taxes on the property of the Liquor Control Board, is estimated at $18,429 for 1955. (The Workemn's Compensation Board also pays a full grant-in-lieu of property taxes. The province also owns some residential property - for future building purposes - on which full property taxes are paid).

(ii) The Dominion grant-in-lieu is estimated at $93,478 for 1955, under the newly-amended Federal Act. Taxes are also paid by properties of certain Dominion Crown Corporations - the government elevator at Calder ($17,691), the C.B.C. ($100), the offices of C.M.H.C. ($297).

(iii) In addition the C.N.R. pays $34,701 annually, on behalf of the new MacDonald Hotel, at a fixed assessment of $75 a room, from 1952 on a 10-year agreement, after which the normal mill rate and business tax will apply. (See also Chapter 9).

(e) City debt.

The following table shows the city debt over recent years.

TABLE 21

DEBENTURE DEBT,
CITY OF EDMONTON, 1946-55

YEAR	POPULATION	GROSS DEBENTURE DEBT	NET DEBENTURE DEBT	GROSS DEBT PER CAPITA	NET DEBT PER CAPITA
1946	114,976	$ 16,534,624	$ 12,644,323	$ 143.81	$109.97
1948	126,609	18,892,433	12,249,361	149.22	96.75
1950	148,861	29,460,617	16,309,329	197.91	109.56
1952	169,196	45,938,529	21,334,540	271.51	126.09
1954	197,836	61,889,753	28,541,384	312.83	144.27
1955	209,353	71,858,707	31,497,175	343.24	150.45

SOURCE: As for Table 18, and city census. The difference between Gross and Net Debt is made up of public utility or self-supporting debt, and local improvement debt to be recovered from property owners. The combined public and separate school debt in 1955 is $19,278,787, which, if added to the city Gross debt, gives a total of $91,137,494 or $435.32 per capita.

The pressures which have generated the post-war debt increases in Calgary have also been present in Edmonton. The chief pressure, that of population growth has (except for 1955) been stronger in Edmonton. Nevertheless the rate of increase of gross debt in Edmonton has been much less from 1948 onwards - a nearly five-fold increase in Calgary as against less than a three-fold increase in Edmonton.

The reasons for this are: (a) the increase in Edmonton started earlier, from 1946: whereas between 1946 and 1948 the Calgary debt was declining, (b) Edmonton started from a much higher level in the post-war years, because it had sunk lower during the depression, (c) with more civic utilities in Edmonton, the earnings from these enabled more capital expenditures to be made without adding to city debt.

The relatively slower rate of increase in Edmonton (or the relatively higher rate of increase in Calgary) in recent years, has narrowed the gap between the two cities, with the result that whereas in 1948 the Edmonton per capita gross debt, at $149.22 was getting on for twice that of Calgary, at $84.81; by 1955 the difference was not great - Edmonton at $343.24, Calgary at $299.04.

The debt has increased faster than population - total debt by nearly three times, population by 65.4%, and per capita debt by rather more than 100%, from 1948 to 1955 - and for much the same reasons as in Calgary. Debenture sales from 1948 to 1955 totalled $69 million (some of which was of course for debt redemption) while during the previous 30 years debenture sales were only $17,620,135. The average annual increase in debt for the last 7 years has been about $7.5 million. Annual debenture charges today (excluding a few small miscellaneous items) are shown in the budget at $3.7 million, as against $1.1 million in 1947. Of the total, $1.4 million is charged against local improvements, and $2.3 million against the mill rate. The latter amount is $331,125 greater than in 1954. (Debt charges for the utility debt are not shown, but are borne by the utilities.)

The actual composition of the Debt is shown in Table 22 below.

TABLE 22

COMPOSITION OF DEBENTURE DEBT,
CITY OF EDMONTON, 1954 & 1955.

UTILITIES DEBT	1954	% OF GROSS DEBT	1955	% OF GROSS DEBT
Electric light and power	$ 4,140,585			
Water supply & purification	487,293			
Transit system	2,038,642			
Telephone system	7,944,068			
Waterworks distribution	4,254,486			
Total Utilities	$18,865,074	30.5	$20,890,931	29.1
LOCAL IMPROVEMENTS				
(owner's share)	14,483,295	23.4	19,470,601	27.1
GENERAL DEBT				
(Including hospitals and city share of local improvements)	28,541,384	46.1	31,497,175	43.8
Gross debenture debt	$61,889,753	100%	$71,858,707	100%

SOURCE: As for Table 17, and city data.

The composition of the debt, through various years, is shown below.

TABLE 23

COMPOSITION OF DEBENTURE DEBT
CITY OF EDMONTON, 1937-1955.

YEAR	UTILITIES AMOUNT	%	LOCAL IMPROVEMENTS AMOUNT	%	GENERAL AMOUNT	%	TOTAL
1937*	5,165,962	23.8	1,449,050	6.7	15,123,016	69.5	21,738,028
1946	3,047,454	18.4	842,847	5.1	12,644,323	76.5	16,534,624
1948	5,281,977	28.0	1,361,095	7.2	12,249,361	64.8	18,892,433
1950	10,144,555	34.4	3,006,733	10.2	16,309,329	55.4	29,460,617
1952	15,107,382	32.9	9,496,607	20.7	21,334,540	46.4	45,938,529
1954	18,865,075	30.5	14,483,294	23.4	28,541,384	46.1	61,889,753
1955	20,890,931	29.1	19,470,601	27.1	31,497,175	43.8	71,858,707

SOURCE: Compiled from Financial Statements & Estimates 1955. School debt is excluded. General debt includes hospital debt. *denotes net debt, i.e. "gross" debt less redemption reserves. The "gross" debt in 1937 was $30,103,673, including school debt.

The general debt and the local improvement debt are carried directly by property owners, through the mill rate and the different local improvement levies. The trend has clearly been to put more on the local improvements, and less on the mill rate - which is also true of Calgary. On the other hand, the utility debt portion has declined since 1950, with the result that a somewhat higher percentage is borne today - 70.9% - by the property owner than in 1950 - 65.6% - (though not as high as in 1946 (81.6%).

(f) Source of debenture funds.

Debentures were formerly sold on the open market, but in recent years the province has been the sole purchaser of city debentures. The proportion held

by the province is increasing therefore, as may be seen from the following table, but it will be noticed too that the proportion held by the province is not nearly as high as in the case of Calgary - 53.5% as against 78.3%. The reason for this is that Edmonton borrowed more in the early post-war years, before provincial facilities were available, and in recent years has not retired as much of its privately held debt: the consequence being that almost half of Edmonton's debt is held elsewhere.

TABLE 24

DISTRIBUTION OF DEBENTURES
CITY OF EDMONTON, 1948-55.

YEAR	HELD BY PROVINCE	HELD BY THE PUBLIC	TOTAL	% HELD BY PROVINCE
1948	—	$18,892,433	$18,892,433	—
1952	9,207,717	36,730,812	45,938,529	20.0%
1954	28,496,058	33,393,695	61,889,753	46.0%
1955	38,465,012	33,393,695	71,858,707	53.5%

SOURCE: Compiled from city data.

(g) Provincial capital grants.

The second source of funds for capital expenditures is the provincial capital or construction grants. The following table shows the amounts received by Edmonton in the last few years.

TABLE 25

HOSPITAL AND HIGHWAY CAPITAL GRANTS
CITY OF EDMONTON, 1952-56.

	1952-54	1954-55*	1955-56*	TOTAL FOUR YEARS
Hospital construction	$861,021	$116,625	$ 25,000	$1,002,646
Roads, bridges & other structures	272,033	763,705	250,000	1,285,738

SOURCE: Budget Speech, 1955. * denotes estimates. Construction grants for schools are not shown. (See Chapter 7).

It should be noted that the Municipal Assistance Grants are unconditional, and hence there is nothing to prevent a municipality from using them, in all or in part, for capital purposes. For the first few years of these grants, Edmonton did in fact use part of them for capital spending - to the extent shown below. Calgary has not done so. After 1953 the grants were wholly taken into general revenue, and not allocated for capital or other specific purposes.

TABLE 26

MUNICIPAL ASSISTANCE GRANTS AND CAPITAL OUTLAYS
EDMONTON, 1951-53

YEAR	TOTAL GRANT	AMOUNT USED FOR CAPITAL CONSTRUCTION
1951	$ 841,735	$ 591,341
1952	1,069,712	693,462
1953	1,336,891	236,891

SOURCE: City Financial Statements.

(h) Capital spending from revenue and reserves

Besides debenture borrowing, and provincial capital grants, funds for capital expenditures have been derrived also from revenue and reserves. From 1947 onwards, of a total of $98.3 million spent on capital improvements, the sources of funds were as follows:

TABLE 27

CAPITAL EXPENDITURES BY SOURCES OF FUNDS
CITY OF EDMONTON, 1947-55

SOURCES OF FUNDS	AMOUNT
Debenture issues	$ 57,775,207
Reserve funds.............	28,014,094
Current revenue...........	7,852,302
Pending capitalization ...	4,746,716
Total	$ 98,388,319

SOURCE: City Reports.

The total amount so raised was expended as follows:

PURPOSE	AMOUNT
Utilities plant extensions .	$ 38,466,713
Property share of local improvements	18,909,606
Public works and services ..	41,012,000
Total	$ 98,388,319

SOURCE: City Reports.

The importance of reserves and current revenue hardly needs elaboration, after a glance at Table 27. Capital spending from these sources is much higher than in Calgary, a situation not unconnected with the fact that Edmonton's more numerous civic utilities are the source of greater amounts of city revenue, including sums allocated to reserves. Without these large revenues and reserves from the utilities the alternative would be heavier borrowing and higher property taxation.

From the point of view of debt and capital expenditures, Edmonton is fortunate in owning so many "profitable" civic utilities. The utilities can finance much of their own capital expansion out of revenue, without resort to

borrowing. For example, in 1955 the transit system has purchased 10 buses from reserves, at a cost of approximately $259,000. In addition, the surpluses transferred to general revenue and reserves every year help to finance general public works for the city. (The new City Hall is being largely financed this way.) In either case the results are a lower city debt (because there is less resort to borrowing), substantial savings in annual debt charges, and consequently lower property taxation.

(i) Still other methods of capital financing.

(i) Edmonton's policy with regard to the sale of city-owned land is to transfer the proceeds to the reserves for uncollectible taxes. The net return from sales of city land in 1954 was $881,543, all of which was transferred to the reserve for uncollectible taxes. When this reserve becomes too large, funds are transferred from the reserve for uncollectible taxes to the reserve for public works, and later find their way into capital expenditures.

(ii) Pre-payment of local improvement taxes decreases the need for city borrowing to finance local improvements. The method has been of substantial importance only since 1952. The following figures show the amounts pre-paid over the last few years.

TABLE 28

YEAR	EXPENDITURES ON PROPERTY SHARE OF LOCAL IMPROVEMENTS	PREPAYMENT
1951	$ 2,106,076	$ 115,180
1952	3,174,014	619,841
1953	4,559,602	1,155,426
1954	4,762,766	1,364,193

SOURCE: City data.

(iii) Where the installation of all utilities is undertaken by the private developers of sub-divisions, the capital cost to the city, and hence the need for city borrowing, is reduced. No "package deals" of the type found in Calgary have however been used in Edmonton.

5. CITY REVENUES

(a) TAXATION. The following table shows the city revenues by main classes for the year 1954 and the estimates for the year 1955.

TABLE 29

SOURCE OF REVENUE BY CLASSES
CITY OF EDMONTON, 1954-55

	1954		1955	
	AMOUNT	%	AMOUNT	%
General Departmental	$ 1,873,819	9.9	$ 1,756,415	8.9
Miscellaneous	838,228	4.4	629,600	3.2
Utilities	1,643,411	8.6	1,669,505	8.5
Provincial Government Grants	1,493,049	7.8	1,525,000	7.7
Taxation - Mill rate, Business tax, Local Improvements and sewer frontage taxes	13,184,594	69.3	14,170,688	71.7
Total revenue	$19,033,101	100.0	$19,751,208	100.0

SOURCE: Compiled from financial statement 1954 and city estimates 1955. Provincial grants are almost wholly "Municipal Assistance" grants. The figure of $13,184,594 is a net tax figure. The gross is $13,644,269.

The tax revenues alone, in more detail, are shown in the following table:

TABLE 30

ANALYSIS OF TAX REVENUES
CITY OF EDMONTON, 1954-55

TAX	1954		1955	
	AMOUNT	% OF TAX REVENUE	AMOUNT	% OF TAX REVENUE
Property Tax (mill rate)	$10,612,761	80.5	$11,142,106	78.6
Business Tax	1,304,078	9.9	1,350,000	9.5
Special Frontage Taxes (Owners' share L.I.)	1,040,707	7.9	1,425,109	10.1
Sewer Frontage Taxes	227,048	1.7	253,473	1.8
Total	$13,184,594	100.0	$14,170,688	100.0

SOURCE: Compiled from financial statement 1954 and city estimates 1955. The 5% revenue tax yield on revenue of city utilities is included under utilities, and not under tax revenue. Taxes are slightly under-estimated, see note to Table 29.

Taxation accounted for some 72% of all city revenue in 1955, which is somewhat higher than in 1954 at 69.3%. The proportion from taxes is rather less than in the case of Calgary. But this is mainly because of the larger percentage from "general departmental" in Edmonton, (i.e., more revenue from airport, engineering department, police department; and because of differences in City Financial Statements.

When taxation revenue alone is considered, then the mill rate is of approx-

imately the same relative importance in the two cities: Edmonton 78.6%, Calgary 76.8%, in 1955 - in both cases slightly lower than the year before at 80%.

The rate of the business tax averages somewhat higher in Edmonton, as we have seen, and in 1955 brought in $1,350,000 or 9.5% of all tax revenue - as compared with $1,005,654 or 8.6% in Calgary. The yield from local improvement taxes in 1955 is estimated at $1,425,109 or 10% of all tax revenues.

Instead of the sewer service charge levied in Calgary, a sewer tax is levied in Edmonton (authorized by Section 539 of The City Act) the revenue from which, in 1955, is put at $253,473 or 1.8% of tax revenue. It will be seen that the yield from this source is considerably less than in Calgary, where it is estimated at $400,000, or 3.4% of tax revenue.

(NOTE: The difference in Edmonton between $13,644,269 (gross) and $13,184,594 (net) is chiefly water frontage taxes of $361,070. This difference is credited to city department, chiefly waterworks, and does not show in the city's total of general revenue).

(b) REVENUE FROM PROVINCIAL GRANTS. Provincial grants are of several kinds:
(i) The grant-in-lieu of service tax - already described under the Calgary heading. The amount each year is $30,000 for each of the two cities.

(ii) Road maintenance grant.
The amount for 1955 is $17,250, based on the usual formula of $500 a mile. (The construction grants for roads and bridges is a different matter, and has been mentioned under capital expenditures.)

(iii) Municipal assistance.
The large unconditional grant received annually under this heading - which amounts to $7.51 per capita in 1955 - is shown in the table below for the years since the grants were instituted.

TABLE 31

MUNICIPAL ASSISTANCE GRANTS
CITY OF EDMONTON, 1951-55

YEAR	TOTAL GRANT	PER CAPITA	AMOUNT TAKEN INTO GENERAL REVENUE	AMOUNT USED FOR CAPITAL CONSTRUCTION
1951	$ 841,735	$ 5.30	$ 250,394	$ 591,341
1952	1,069,712	6.32	376,250	693,462
1953	1,336,891	7.29	1,100,000	236,891
1954	1,493,048	7.55	1,493,048	-------
1955	1,572,690	7.51	1,572,690	-------

SOURCE: Financial Statements and Estimates 1955.

As we have seen, for three years the city used a large part of its Municipal Assistance grant for capital purposes, but now the total is brought into general

revenue, and serves to hold the mill rate at a lower level. The grant accounts for 7.7% of total city revenue.

(iv) Other miscellaneous grants.

These grants are for such purposes as health, charities, welfare and hospitals. The total of all provincial grants (including education) to Edmonton in recent years is given in the table below. Both capital and operating grants are included. (It should be noted that the city accounts - this is also true of Calgary - do not show, in the general revenue statements, the annual amounts received in provincial grants. To that extent therefore, earlier tables on revenue are misleading).

TABLE 32

PROVINCIAL AID, CITY OF EDMONTON, 1952-56

Direct assistance	Two years 1952-1954	1954 -55*	1955-56*	Total 4 years
1. EDUCATION	$	$	$	$
Op. grants to schools	1,344,971	1,142,700	2,300,000	4,787,671
Const. grants to schools	1,068,749	1,250,000	1,300,000	3,618,749
To Teachers' Retirement Fund	209,597	110,000	150,000	469,597
2. PUBLIC HEALTH				
Hospital grants	1,476,587	1,158,000	1,600,000	4,234,587
Hospital Const. grants	861,021	116,625	25,000	1,002,646
Health Service grants	62,064	33,000	33,000	128,064
3. HIGHWAYS				
Roads, bridges, etc.	272,033	763,705	250,000	1,285,738
4. TREASURY				
Grants-in-lieu of taxes	94,825	50,000	50,000	194,825
Municipal Assit. grants	2,406,603	1,540,000	1,600,000	5,546,603
5. ATTORNEY GEN'S DEPT.				
Remission of fines under Liquor Control	88,112	53,000	55,000	196,112
6. PUBLIC WELFARE				
Indigent relief	400,030	213,000	250,000	863,030
TOTAL direct	$8,284,592	$6,430,030	$7,613,000	$22,327,622
Indirect Assistance				
1. Medical & Hospital care for Pensioners	$1,120,117	$ 700,000	$ 750,000	$ 2,570,117
2. Other Public Health & Welfare Services	1,901,831	1,285,000	1,550,000	4,736,831
TOTAL indirect	$3,021,948	$1,985,000	$2,300,000	$ 7,306,948
TOTAL, direct & indirect	$11,306,540	$8,415,030	$9,913,000	$29,634,570

SOURCE: Budget speech 1955. An estimate for the new (1955) Tax Reduction Subsidy for schools is included: * denotes estimates.

(c) GENERAL DEPARTMENTAL REVENUE. Revenue from the various departments accounted for 9.9% of city revenue in 1954, and 8.9% in 1955. The departments concerned are shown in the table below.

TABLE 33

GENERAL DEPARTMENTAL REVENUE
CITY OF EDMONTON, 1954-55

DEPARTMENT	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
Airport	$183,570		$183,590	
Assessor	1,657		1,600	
Assessor-Land Division	81,805		50,500	
Assessor-Land Division - Tax Sale and other property	68,372		63,000	
Assessor-License Division	170,114		176,400	
Building Inspector	191,213		163,270	
Engineering	455,881		434,575	
Fire	25,379		2,500	
Health	75,175		81,967	
Market	22,955		24,613	
Parks	201,007		207,200	
Police	387,636		358,900	
Recreation Commission	9,055		8,300	
	$1,873,819	9.9%	$1,756,415	8.9%

SOURCE: City Estimates, 1955.

(d) MISCELLANEOUS REVENUE.

TABLE 34

ITEM	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
Interest and Exchange	$270,952		$125,000	
Civic Block Rents	24,600		24,600	
Gas Franchise	287,068		295,000	
Sundry Revenue	170,230		100,000	
Penalties Levied on Tax Arrears	55,378		55,000	
Provincial Contribution in Lieu of Service Tax	30,000		30,000	
	$838,228	4.4%	$629,600	3.2%

SOURCE: City Estimates, 1955. The largest single item is the revenue from Northwestern Utilities for the gas franchise, which is the amount derived from a 5% levy of the company's gross sales.

(e) REVENUE FROM CITY UTILITIES. Revenue from utilities may be divided into two parts, taxes and surplus. The taxes in turn are of two kinds; the property tax or mill rate on the utility assessment (the yield from which is included under the property tax yield earlier); and the 5% tax on gross revenue. The utility revenue (excluding the mill rate yield) is shown below.

TABLE 35

UTILITY REVENUE
CITY OF EDMONTON, 1954-55

	1954	% OF TOTAL REVENUE	1955	% OF TOTAL REVENUE
5% tax on gross revenues	$886,334		$955,247	
Surplus from utilities	757,076		714,258	
	$1,643,410	8.6%	$1,669,505	8.5%

SOURCE: City Estimates, 1955. In addition the mill rate on utility assessment yielded $555,500 in 1954, and $504,000 (estimated) in 1955, and these amounts would have to be added to the above table to appreciate the full contribution to revenue made by the city utilities. See Table in Part III.

The surplus on the utilities transferred to general city revenue varies a good deal from year to year, and from one utility to another. The following table shows utility surpluses and deficits transferred to general revenue from 1946 onwards, classified according to utility.

TABLE 36

CITY UTILITIES, SURPLUSES AND DEFICITS
TRANSFERRED TO GENERAL REVENUE
CITY OF EDMONTON, 1946-55

UTILITY	1946	1948	1952	1954	1955
Electric Light and Power From Surplus	$ 40,565	$56,475	$9,188	$ 48,827	$ 49,104
Power, Water Supply From Surplus	182,437	200,382	303,225	375,404	363,890
Transit System Surplus or Deficit	-5,647	-192,730	-145,086	+80,794	+17,488
Telephone	140,000	178,960	60,933	124,696	135,000
Waterworks Distribution	29,557	16,500	------	127,356	148,776
TOTALS	$386,912	$259,587	$228,260	$757,077	$714,258

SOURCE: Compiled from financial statements and estimates for 1955.

As may be seen, the transfers of surpluses to general revenue were small by 1951, but have grown to substantial amounts from 1953 onwards. The transit system is running close to the break-even point, and in some years has turned up a large deficit. Like most public transit systems on this continent it is being hard hit by the increasing use of the private automobile, and there has been some decline in the number of passengers carried in the last five years. Probably by raising fares (which are said to be the lowest of any city in Canada of similar size) a

substantial surplus would be earned for general city revenue. This is not certain however: everything depends on the elasticity of demand - it is just possible that higher fares might lead to such a further decline in the number of passengers carried, that revenue would decrease.

Utility surpluses, in this context, do not of course mean the same as "profits" in a corporation. For one thing, the assessment, accounting and costing methods of the city are quite different, and often arbitrary, so it is in fact impossible to say (without lengthy and detailed accounting investigation) what the utilities "cost of operation" is, in any corporation sense. (The same applies to Calgary). For another, the accounting may be re-arranged from time to time to favour one or other utility. Thus, when the transit system looked as though it might operate at a "loss" in recent years, instead of raising fares or taking other steps, the transit system was relieved of certain charges which it had formerly paid - i.e., paving costs, sanding and cindering - and these charges were put into departmental budgets.

It will be observed that the system of taxing civic utilities is different in the two cities. Calgary levies only the 5% on gross revenue, whereas Edmonton - in addition to this - also assesses the utility properties and levies a mill rate upon the assessment. The Edmonton practice, which consists of 5% on gross revenues, plus the mill rate upon utility real estate and plant, was instituted by the city in 1937 in response - so it was said in evidence - to criticism about the nature of the utility "surpluses". It had been said that these would be much reduced if the utilities paid property taxes on the same basis as private corporations.

The amount of the assessment has been $10.5 million since 1952, covering all the five utilities - Electric Light, Power Plant, Transit System, Telephone, and Waterworks. The amount is more or less arbitrary. If the assessment were raised, although the yield from the mill rate would increase, the surpluses would decrease, other things being equal; so that the total revenue received from the utilities would be much the same.

The city esteems highly these utility revenue-earners - these "sheet-anchors" as they were called in evidence. Besides the amounts transferred to city revenue by way of surplus, and their yield from the mill rate and the 5% revenue tax, the utilities finance much of their expansion from their own revenue, and thus help to keep down the city utility debt. The revenues accruing from the utilities may

be regarded as a substantial supplement to the property tax. Every user contributes to city revenue in proportion to his use of the utilities, and so the tax base is broadened, though it is probable that the incidence is not identical with that of the property tax.

6. CITY EXPENDITURES

The following table shows city expenditures arranged under the same categories as in the case of Calgary.

TABLE 37

EXPENDITURES BY CLASSES
CITY OF EDMONTON, 1954-55

	1954		1955	
	AMOUNT	%	AMOUNT	%
Administrative and general government	$1,155,269	6.1	$1,465,560	7.4
Protection to persons and property	3,292,857	17.3	3,315,095	16.8
Health	218,500	1.2	243,466	1.2
Social Welfare	425,194	2.2	445,228	2.3
Hospitals	853,140	4.5	1,015,783	5.2
Public Works	1,108,762	5.8	805,700	4.1
Sanitation and Waste Removal	1,529,027	8.0	1,685,000	8.5
Recreation (including Library)	1,064,998	5.6	1,191,857	6.0
Miscellaneous	132,350	0.7	202,650	1.0
Debt Charges	3,283,162	17.3	3,951,058	20.0
Education	5,958,875	31.3	5,429,811	27.5
Surplus	10,967	----	---------	----
Total City Expenditures	$19,033,101	100.0	$19,751,208	100.0

SOURCE: Financial statements and city estimates, 1955.

By and large, the pattern of expenditure in Edmonton follows that in Calgary; that is, the percentage expenditure on similar services is similar. The only substantial differences are (a) in the outlay on hospitals, Calgary spending more, in both absolute figures, and as a percentage; (See Part III) and (b) education costs, which in Edmonton are a higher percentage than in Calgary, 27.5% as against 21.4%.

PART III - COMMON PROBLEMS OF CITY FINANCE

1. City debt

Several indicators may be taken to measure the financial health of the cities. The first of these is city debt. The figures on the debts of the two cities have been given in Parts I and II of this Chapter, where the rapid growth of post-war debt was noted. The growth of debt has been extremely rapid of late years for very good reasons.

(a) Reasons for growth of debt

In the first place, and most important, there have been the large capital outlays to provide for a rapidly growing population. But this obvious factor does not explain why debt has been growing so much faster than population itself, so other reasons must also be taken into account.

In the second place, during the depression and the war, little maintenance or capital work had been carried out, and city debt actually declined considerably. The cities had to some extent run down, and a "backlog" of deferred public works had accumulated which had to be cleared out of the way. If the increase of debt were averaged over the last 20 years or so, instead of over the last 7, it would appear much less striking.

In the third place, the inflation of the post-war period has shown itself in a rising price level, which tends to exaggerate the size of the debt in relation to the war and pre-war years. For instance, in terms of 1949 dollars, the Calgary debt of 1955 would be $43,413,923, instead of $50,490,493, the actual size in 1955 dollars.

In the fourth place, undoubtedly higher standards of services, and more services, are expected by the public today - for instance, paved streets as compared with gravelled streets, better traffic facilities for more traffic, and so on. Closely related is the fact that capital costs have been enhanced by the trend in public demand to lower density housing of, say, 4 to 5 single-family dwellings per acre. Higher densities would have been served with a wide range of utilities at lower capital costs per family.

Finally, services are also expected more quickly by the public. When a new sub-division is opened up, the house-owner does not expect a long waiting period before all his utilities are in, his sidewalks laid, his street paved and boulevarded, public transport laid on, and so forth. The only way these public works can be undertaken quickly is by city borrowing.

In short, the debt has been accumulated in response to public demand, and there is no evidence before the Commission of city extravagance or irresponsibility. The impact of the tremendous post-war expansion in the province has fallen heavily on the two cities, and is reflected in their growing debt. Indeed, even higher capital expenditures (and debt) would have been required had the fringe communities not acted as a kind of "safety valve" to take some of the pressure of population growth off the cities.

(b) Is city debt "too high"?

The question may be raised, is the city debt "too high"? It is doubtful whether any answer can be given that would satisfy all parties, but no reasonable answer at all can be given without due consideration of at least the following points.

(i) As a result of the debt, the cities have many physical assets - utilities and equipment, buildings, bridges and streets, etc.; while at the same time, cities that are very much larger than ever before enjoy more and better facilities than ever before. These gains, both tangible and intangible, must be offset against debt figures.

(ii) Debt must be related to the expanded carrying capacity, both higher incomes of the citizens, and higher assessments. The generally higher level of personal and business income is a matter of common knowledge, and the number of earners per family is higher, (Per capita personal income in Alberta was $1,152 in 1954, as compared with $829 in 1946 and $407 in 1941). Judged from this point of view, the cities are certainly better able to carry the larger debt of today, than 15 or 20 years ago they were able to carry a much smaller debt.

As for assessments per capita, the following table shows that they have been increasing, although - it must be admitted - not so rapidly as debt. In ordinary, depreciated, dollars Calgary has just doubled its assessment per capita since 1946, but in constant dollars, the increase is less than 40%; while in ordinary dollars Edmonton has by no means doubled, and in constant dollars has increased only 12%. From the assessment figures, then, we can draw no great reassurance.

TABLE 38

TAXABLE ASSESSMENT PER CAPITA

EDMONTON & CALGARY, 1946-55.

			IN CONSTANT (1949) DOLLARS	
YEAR	EDMONTON	CALGARY	EDMONTON	CALGARY
1946	683	628	881	810
1948	717	657	739	677
1950	809	653	786	635
1952	1060	781	910	670
1954	1005	1210	865	1041
1955*	1109	1301	954	1119

SOURCE: Computed from Financial Statements, to 1955 Estimates. * denotes estimates. Valuation for business tax excluded.

The city debt has been relatively much larger in the past. The gross debt for Calgary (city and school debt combined) was $21.4 million in 1937, and for Edmonton was $30.1 million (not counting temporary loans and overdrafts, or Sinking Funds). From that date on, city debt declined, to its low point just after the war, so that the rapid increase is a phenomenon of the post-Leduc years. Looked at over the long-run period, say about 18 years, city gross debt has only about trebled in both cities, while population has about doubled for Calgary and gone up to two and a half times for Edmonton. The debt - to - population ratio today is by no means out of line, in view of the tremendous assets and facilities made possible by the increased debt. True, it should be recalled that the debt of 1937 was almost beyond endurance by the city, but this was a common depression experience in Canada and arose from the widespread depression conditions.

(iii) The cities are by no means pressing against their statutory debt limits. The City Act limits the general debt to 20% of the taxable assessment. The following tables compare the actual general debt with the permissible debt.

TABLE 39

ACTUAL & PERMISSIBLE DEBT
CITY OF EDMONTON, 1944-55.

YEAR	TAXABLE ASSESSMENT	PERMISSIBLE DEBT	ACTUAL GENERAL DEBT	ACTUAL DEBT AS % OF PERMISSIBLE DEBT
1944 ...	$ 69,924,660 ...	$13,984,932	$14,241,314	101.8
1946 ...	77,248,215 ...	15,449,643	12,644,323	81.8
1948 ...	90,834,775 ...	18,166,955	12,249,361	67.4
1950 ...	120,413,310 ...	24,082,662	16,309,329	67.4
1952 ...	179,267,230 ...	35,853,446	21,334,540	59.5
1954 ...	198,928,270 ...	39,785,654	28,541,384	71.7
1955 ...	232,258,500 ...	46,451,700	31,497,175	67.8

SOURCE: Compiled from Financial Statements, and 1955 Estimates.

TABLE 40

ACTUAL & PERMISSIBLE DEBT
CITY OF CALGARY, 1944-55.

YEAR	TAXABLE ASSESSMENT	PERMISSIBLE DEBT	ACTUAL GENERAL DEBT	ACTUAL DEBT AS % OF PERMISSIBLE DEBT
1944 ...	$ 57,913,335	$11,582,667	$	....
1946 ...	62,117,493	12,423,498	5,831,665	46.9
1948 ...	68,810,225	13,762,045	4,641,186	33.7
1950 ...	78,992,871	15,798,574	8,414,268	53.3
1952 ...	108,041,731	21,608,346	10,810,600	50.0
1954 ...	189,616,880	37,923,376	22,512,602	59.4
1955 ...	219,527,250	43,905,450	28,011,802	63.8

SOURCE: As for Table 39.

The above tables confirm our earlier observations that whereas Edmonton started the immediate post-war years with a heavy millstone of debt, Calgary was less hard-pressed. The difference between the two cities is narrowing rapidly however, although neither city is yet at 70% of its permissible debt.

The evidence before the Commission, however, is that when loans are floated from the public, the money market will "dry up" long before the statutory debt limit is reached. (Whether the money market will be as cautious in the expanding and hopeful 1950's as in pre-war years may be doubted.) It must be remembered too that the permissible debt excludes utility debt, the owners' share of local improvement debt, and the school debt; yet all of these, as well as the general debt constitute, in a broad sense, liabilities upon the same set of tax-payers and utility-users. It is almost impossible to say, what relation between permissible and actual debt constitutes a danger point. The test of the

money market has been absent in recent years, because the cities have been able to borrow from the province.

(iv) One may perhaps derive some consolation from the fact that a large portion of the city debt is not general debt of the city and borne by the mill rate, but is either allocated to the utilities, which are expected to be self-supporting; or else is carried by the owners' share of the local improvements, so that the owner can be comforted by seeing directly the improvements (and hence the enhanced property values) for which he is paying. But this consolation ought not to lull the city - or its creditors - into a false sense of security, since as pointed out above, all the debt is ultimately borne by the citizens, no matter how the debt may be arranged in legal terms or by bookkeeping devices.

As we see from a reference to Table 41 below, the city debt (excluding school debt) is divided in the following proportions.

TABLE 41

ALLOCATION OF CITY DEBT
CALGARY & EDMONTON, 1954-55

		1954	1955
CALGARY	Utilities debt	27.7%	26.6%
	Owners' share of L.I.	18.8%	18.0%
	General debt	53.5%	55.4%
		100	100
EDMONTON	Utilities debt	30.5%	29.1%
	Owners' share of L.I.	23.4%	27.1%
	General debt	46.1%	43.8%
		100	100

SOURCE: Tables 5 and 22.

A slightly higher proportion of the Edmonton debt is charged against the self-supporting utilities than in Calgary - a feature that is to be expected perhaps, since Edmonton owns more utilities. In recent years, however, the utility debt has diminished, as a percentage of total city debt; and also a larger proportion is being borne by local improvements. (Calgary's proportion for local improvements in 1940 was 7.3% and Edmonton's 5.0%).

(v) The Edmonton and Calgary debt for the most part carries a low interest rate - a result largely due to the provincial lending policy. The very fact that so much of the debt - 78.3% of Calgary's, 53.5% of Edmonton's and the proportion is growing - is held by the province may perhaps be regarded as more favourable than if the debt were held wholly outside the province. The debt charges are, so to speak, kept largely within the province and accrue to the provincial government.

(vi) We may consider the debt charges in terms of the mill rate. On this point the Edmonton Finance Commissioner said as follows:-

> "I was explaining that the per capita debt was not the true measuring stick of the city's financial capabilities. I suggested that it might be better to consider the city's ability to pay, and I suggested then, that the ability to pay might be measured in mills. I thought that as long as the carrying charges on the debt remained at 10 and one-half mills, I saw no reason why the city could not proceed on an even keel. This debt charge could rise, and our only experience in the matter is that during the depression days, I think the debt charges went up to 30 mills ... this was too high, and led to re-funding ... the city's position is good."

In fact, during the last eight years (1948-55 inclusive) from 7.23 to 10.53 mills have been allocated in Edmonton for debt charges. The rate has scarcely been so low since 1913, since which year it rose steadily from 8.8

to 30 mills in 1934 - the highest point ever reached - after which it declined to the low point of 7.23 in 1951. Since then it has steadily risen, but today, at 10.44 is less than last year, and a great deal less than in 1946. Much the same is true of Calgary, where the debt requires less mills - 7.3 - although there was a small rise in 1955.

One is forced to conclude that despite the high debt, it is more easily borne in the 1950's (because it requires less mills) than at almost any time since 1918. The explanation lies largely in lower interest rates, a higher assessment, and a higher proportion of local improvement debt which does not fall on the mill rate.

The following tables give the mill rate analysis in recent years for Edmonton and Calgary.

TABLE 42

MILL RATE ANALYSIS
CITY OF EDMONTON, 1946-55

YEAR	GENERAL MUNICIPAL	DEBENTURES	SCHOOLS	HOSPITAL	LIBRARY	TOTAL MILL RATE
1946	5.19	14.31	29.00	-	1.00	49.50
1948	9.03	10.47	29.00	-	1.00	49.50
1950	9.10	8.23	31.00	-	1.17	49.50
1952	13.67	7.75	29.18	1.00	.90	52.50
1954	7.12	10.53	31.65	2.65	1.05	53.00
1955	9.22	10.44	24.50	2.71	1.13	48.00

SOURCE: Exhibit 70 E, and 1955 Estimates.

TABLE 43

MILL RATE ANALYSIS
CITY OF CALGARY, 1946-55

YEAR	GENERAL MUNICIPAL	DEBENTURES	SCHOOLS	HOSPITALS	LIBRARY	PARKS	TOTAL MILL RATE
1946	2.5226	9.8453	26.1214	3.3542	.9428	3.2137	46.00
1948	9.1253	7.4228	29.8039	2.9701	1.0795	3.5984	54.00
1950	8.9336	11.5272	29.7502	3.1086	1.2504	3.9300	58.50
1952	13.5911	8.7151	29.9494	2.8526	.9662	3.1756	59.25
1954	14.5175	7.0490	19.0124	6.6098	.8113	-	48.00
1955	14.0078	7.3259	13.1421	5.7709	.7533	-	41.00

SOURCE: Financial Statements and 1955 Estimates.

(vii) We may also consider debt charges as a proportion of total expenditures. The figures are given in the tables below, for the two cities.

TABLE 44

DEBT CHARGES & TOTAL EXPENDITURES,
CITY OF EDMONTON 1937 & 1944-1955

YEAR	DEBT CHARGES AMOUNT	AS % OF TOTAL EXPENDITURE
1937	$ 935,495	.... 27.95
1944	1,234,184	.... 23.90
1946	1,205,224	.... 19.93
1948	1,065,865	.... 15.00
1950	1,280,242	.... 13.17
1952	2,030,953	.... 14.01
1954	3,283,162	.... 17.26
1955	3,951,058	.... 20.00

SOURCE: Compiled from Financial Statements and Estimates 1955. Utility debt not included, as noted earlier.

TABLE 45

DEBT CHARGES & TOTAL EXPENDITURES,
CITY OF CALGARY, 1937 & 1944-1955.

YEAR	DEBT CHARGES AMOUNT	AS % OF TOTAL EXPENDITURE
1937	$ 342,197	.... 13.09
1944	-	.... -
1946	505,419	.... 16.07
1948	556,550	.... 15.80
1950	1,001,632	.... 14.40
1952	1,658,925	.... 16.21
1954	2,436,328	.... 16.58
1955	3,130,353	.... 20.33

SOURCE: As for Table 44. Utility debt not included.

Calgary debt charges are more than a fifth of total city expenditures, and virtually equal to education. In Edmonton, the debt charges are the same fraction of the total expenditures, but education is easily in the lead as the most costly function. These are high proportions, and certainly do not justify complacency, but they are not in themselves grounds for alarm. What counts more is the trend - since 1950 the debt charges have been rising as a proportion of city expenditures.

(viii) It is instructive to compare the debt of Calgary and Edmonton with that of other Canadian cities, as in the table below.

TABLE 46

CITY DEBT (AND TAX LEVY) OF
SELECTED CANADIAN CITIES, DEC. 31, 1954

CITY	POPULATION	ASSESSED VALUE FOR TAXATION PER CAPITA	GROSS DEBENTURE DEBT PER CAPITA	NET DEBENTURE DEBT PER CAPITA	CURRENT TAX LEVY PER CAPITA
Calgary	168,840	$ 1,123	$ 246	$ 133	$ 67.67
Edmonton	197,836	1,006	313	143	68.97
Halifax	92,000	1,087	295	-	75.05
Hamilton	222,902	1,707	167	116	85.24
London	101,208	1,444	89	70	84.86
Montreal	1,347,000	1,158	159	-	58.60
Ottawa	211,419	1,557	173	79.70	64.97
Quebec	220,901	855	220	-	40.87
Regina	80,000	755	255	76	55.81
Saint John	55,000	1,312	199	70	79.48
Saskatoon	58,000	805	185	75	57.26
Metro. Toronto	1,251,840	1,977	221	126	81.68
Toronto	682,415	2,210	-	-	94.29
Vancouver	395,416	939	275	190	59.17
Victoria	51,331	1,499	239	174	65.40
Windsor	126,034	1,263	122	-	78.85
Winnipeg	244,033	1,332	212	45	73.06

SOURCE: Adapted from Comparative Municipal Statistics, Wood, Gundy & Co. Ltd., 1955. Gross Debenture Debt excludes School Board Debt. Net Debt is gross debt, less sinking funds, utility debt, and owners' share of local improvement debt, except in the cases of Halifax, St. John, Montreal and Quebec. Tax levy includes property tax, business tax, and local improvement taxes.

It will be seen from the above tables that the gross per capita debt of Calgary was surpassed by at least 4 other cities (Edmonton, Halifax, Regina, Vancouver); while Edmonton was the highest of all the cities listed. On the other hand, if only net debt is considered (i.e., omitting school debt, utility and local improvement debt) then Edmonton drops into third place, after Vancouver and Victoria,and Calgary follows Edmonton. If the school debt is added, then for several years Edmonton has had the highest combined debt in Canada, being of the order of $369 in 1953, and $425 in 1955.

It is more disturbing, however, to note the relatively low per capita assessment which Calgary and Edmonton had to support the debt. Only Quebec, Regina, Saskatoon and Vancouver had a lower per capita assessment. In short, our two cities rank with the very highest in terms of debt, but with the lowest in terms of per capita assessment. (The contrast is less striking when utility debt is brought into the picture.)

(ix) Although the debt of Edmonton and Calgary has increased rapidly in recent years, so too has the debt of other Alberta municipalities. To some extent the same is true in all Canada, since very little borrowing was done

during the war years, and the pent-up demand for capital works suddenly exploded after the war. A striking fact is that all municipal debt (municipal and school combined) in Alberta has increased, during the post-war boom, much faster than in other provinces - going from $35.6 million in 1946 ($44.33 per capita, or among the lowest in Canada) to $158.9 million ($158.58 per capita) in 1953, which was exceeded only by British Columbia.

MUNICIPAL AND SCHOOL DEBT COMBINED

	1946 (millions of $)	Per Capita	1953 (millions of $)	Per Capita
Manitoba	38.1	52.41	63.6	78.62
Saskatchewan	18.9	22.69	42.3	49.13
Alberta	35.6	44.33	158.9	158.58
British Columbia	89.3	89.03	200.2	162.76
All Canada	862.2	70.14	1,868.0	126.38

SOURCE: Bank of Canada, Statistical Summary, Financial Supplement 1954. Unfortunately, municipal statistics for the country are usually, a couple of years in arrears, and so comparisons with later years cannot be made. The debt is overwhelmingly urban - for example, $141 million out of $158.9 in Alberta, 1953.

The comparative rates of increase, in municipal and school debt combined, between the years 1946 and 1953 are as follows (on a per capita basis):

Manitoba	50%
Saskatchewan	116.53%
Alberta	257.73%
British Columbia	82.81%
All Canada	80.18%

As with the debt of the two cities there are of course, off-setting factors - in particular growth of municipal assets and services made possible by the capital borrowing. In this respect post-war debt differs from much of the depression debt which was often for public relief.

Of the municipal debt of the province, (excluding schools) the cities have by far the largest share, as the following table shows:-

TABLE 47

MUNICIPAL DEBT IN ALBERTA, 1953 & 1954.

	AMOUNT (in 1,000's)	PER CAPITA (in $)	AMOUNT (in 1,000's)	PER CAPITA (in $)
Cities	$ 92,657	$ 233.99	$ 114,823	$ 259.17
Towns	13,424	101.10	16,585	119.40
Villages	3,430	75.61	5,392	111.78
	$ 109,501	$ 185.	$ 136,800	$ 229.

SOURCE: Compiled from Annual Reports, D.M.A. There is a small amount of Municipal District Debt not included in the above. Municipal debt includes <u>all</u> municipal debt - i.e., general, utility, and local improvement - but <u>excludes</u> school board debt.

The figures in the above table may be re-arranged slightly, to show what proportion of municipal debt is held by Edmonton and Calgary combined - as in the following:-

TABLE 48

MUNICIPAL DEBT OF EDMONTON & CALGARY IN RELATION TO TOTAL MUNICIPAL DEBT, ALBERTA, 1953-1954.

	1953 (in 1,000's)	1954 (in 1,000's)
Debt of all cities	$ 92,657	$ 114,823
Combined debt of Edmonton & Calgary	84,870	103,375
Edmonton & Calgary debt as % of all cities' debt.	91.6%	90.0%
Debt of all urban municipalities	109,501	136,800
Edmonton & Calgary debt as % of all urban debt...	77.5%	75.6%

SOURCE: Compiled from Table 47 and earlier tables in Parts I and II.

We can see that Edmonton and Calgary had last year 90% of the cities' debt of Alberta, and three-quarters of all urban debt. Since for practical purposes all municipal debt is urban (the rural municipalities have very little), Edmonton and Calgary had about three-quarters of all the municipal debt in the province. Comparable exact figures for other municipalities are not available for 1955, but we should be surprised if the proportions are very different from last year. To speak of Alberta municipal debt is thus almost synonymous with speaking of the debt of Edmonton and Calgary. The two cities (with their fringes) have about 38.5% of the provincial population, a percentage which has been increasing since 1941.

Had the two cities been forced to test their credit on the open market, it is extremely doubtful whether Edmonton and Calgary could have borrowed so much so rapidly, and certainly not so cheaply. City debt of such magnitude, like that of towns and villages, has largely been made possible by the availability of provincial funds. The province, finding itself with successive large surpluses, has lent large amounts to the municipalities, and has been under considerable pressure to do so. Had this source of funds not been available the cities, towns and villages would not be so well equipped with utilities and services as they are.

The province, on the other hand, has no net debt, its position being as follows:

TABLE 49

PROVINCIAL DEBT, CASH, & INVESTMENTS, DEC. 31, 1954

Total net funded debt	$88,684,211	
Total net guaranteed and unfunded debt.	2,501,000	
Total provincial debt		$91,185,211
Cash		$21,247,713
Bonds		90,951,607
Loans to Municipalities		
Self-Liquidating Projects		19,329,481
Municipal Capital Expenditures		54,139,728
Rural Electrification Act		8,778,058
Loans to Alberta Government Telephones		40,845,992
Total		$235,292,579

SOURCE: Budget speech, 1955.

It will be observed that the province had on hand at the end of 1954, more than enough cash and bonds to pay off the entire debt, without taking into account the even larger credits in the form of loans within the province. The province has been debt-free and accumulated large credits, the cities - particularly Edmonton and Calgary - have gone deeply into debt. The combined city and school debt of Edmonton is more than the debt of the province.

(c) Prospects for city debt

Three reflections on the growing debt must give us pause.

(i) In the event of a serious depression the debt burden could soon become heavy, perhaps intolerable, as the example of the 1930's shows. But no city (or for that matter no individual or company) could rationally plan its debt size solely in terms of what it could carry in some hypothetical future years of catastrophic depression. A more realistic policy is to exercise caution enough to ensure that the debt could be safely carried through a temporary recession of minor magnitude.

(ii) The rate of increase, or what the debt is likely to become in the future, is perhaps more important than its present magnitude. There is little sign of a falling off of population growth (except in Edmonton in 1955) and consequently in the pressure for capital expenditures. On the contrary, the 1955 increase in Calgary is higher than for any other post-war year, and it seems wise therefore, to expect the demand for capital expenditures to rise and the debt to increase rapidly.

In short, the city's debt problem is more serious when we look at what it might become over the next few years. Calgary is already planning for

capital expenditures of the order of $15 million a year on municipal projects until 1959. It will not be easy to avoid these, with growing population, and in the face of public demand for services. If the city grows as in recent years, it will in all likelihood require some $13 to $15 millions of capital funds annually; most of this will probably have to be borrowed.

In the last three years the city debt went from $20.7 million to $50.5 million - or an average of about $10 million a year. At this rate, Calgary will reach $100 million for municipal purposes alone, in five years time - in 1960. The rate of growth of the city will, of course, raise or lower this estimate. Moreover, this estimate does not take account of capital requirements for schools, nor the capital costs of amalgamation with the fringe communities. The school debt is equally a charge upon taxpayers (though not upon the city as a corporation).

The city's estimate was that a debt (including schools) in excess of $100 million could be expected by 1959, and in view of increases during recent years must be regarded as a possibility. The figure of $16 million as the school debt (public and separate together) by 1959 may well be an under-estimate, especially if extra capital spending on fringe schools is borne in mind.

In Edmonton for 1955, the total capital expenditures which have been budgetted for, amount to $22,841,544 of which $8,121,044 is for utilities, and $14,720,500 for general purposes. True, only some $7 million of this will be borrowed and so add to the debt, yet continuing capital expenditures are fore-cast, of such a size that again it was said in evidence city debt of $100 million is highly likely in the next few years.

The Edmonton city debt has gone from $45.9 million to $71.8 million in the last three years, or an average increase of $8.6 million a year. At this rate, Edmonton will reach $100 million sometime in 1959 - about one year ahead of Calgary. Again, capital for schools, and for amalgamation costs, is left out of the estimate.

Whether the prospect of city debt of such magnitude is considered alarming, all depends on one's point of view. Some people are easily alarmed when they think of the size of the public debt, and others are not. In particular, it depends on how one evaluates the various factors discussed above. Given continuing prosperity and growing population, with high incomes and

rising assessment, the Commission is not alarmed over whether the cities can support its prospective debt, although every effort should be made to keep further borrowing to a very minimum.

(iii) The possible sources of capital funds over the next few years is both a serious and pressing problem. Several suggestions may be made for its solution. There is no one easy answer, but the way out must be sought along a number of lines.

In the first place, the importance of reserves and current revenue as a source of capital funds is plain from Tables given earlier. The reserves are of many kinds, but pre-eminent are those derived from sale of city-owned land, and from the utilities. It is recommended that this method of capital financing be used to the utmost. Wherever possible the utilities should finance their own capital expansion from revenue and reserves, and also contribute to general reserves more generously than they do now.

Secondly, therefore, in order to replenish reserves - both general and utility - we recommend an increase in utility rates to the public, for telephones, water and electricity. (See further below).

Thirdly, it is obvious that if sub-divisions are developed privately, en bloc, as a "package deal", the cities thereby avoid considerable capital outlay. (See Chapter 9). We recommend that this method of development be continued and strongly encouraged by both cities. The annexation of areas of rural land - as recommended in Chapter 14 - will greatly facilitate this type of development. Wherever possible too, the cities should follow a policy of "compact development" in order to promote economical capital outlay for utilities and physical services.

Fourthly, we recommend an extension of the policy of encouraging pre-payment of local improvements.

Fifthly, we recommend that the proportion of local improvements borne by the property owner be slowly but steadily increased. Whatever disputes there may be about the property tax as a proper source of revenue for certain welfare services, there is general agreement that property should bear levies which enhance its value. Of all local taxes, the local improvement levies are paid most philosophically, because the owner can easily see the benefits thereby accruing to his property.

All of the above recommendations concern capital funds from the cities' own resources. But all of them put together will fall far short of capital requirements. Inevitably there must be further borrowing. As we have seen, the province has been the source of capital funds in recent years. There is a strong case that this should have been so, in view of buoyant provincial revenues on the one hand and on the other the fact that so much of the impact of post-war growth has fallen on these two cities. It may be assumed therefore that in the immediate future the province will continue to be a source of capital funds (though not necessarily on such a scale as in recent years), and will assist the cities (say by guarantees or other means) to secure part of their "social capital" on the open market. And what is true of municipal capital funds will a _fortiori_ be true of funds for school financing, since education is constitutionally a provincial responsibility, and the province has made it a mandatory service for the local authority. We conclude therefore that the cities will find their borrowed funds partly from the province, and partly from the open market with provincial assistance in doing so.

Since the cities (and other municipalities) are likely to be floating substantial public loans in the near future, serious consideration should be given to co-ordinating the timing and priority of these loans - orderly marketing - over and above the approval now required by the Board of Public Utility Commissioners. The machinery required for such co-ordination should be left to the province to determine.

(d) _Money bylaws, debt and capital planning._

With certain exceptions, the cities may not borrow money for the construction of capital works which require the issue of debentures, without the consent of the ratepayers. It is difficult to say how much of a check this is upon the growth of city debt or capital expenditures. From the standpoint of long-range capital planning, however, there are objections to the submission of money bylaws to ratepayers; nor is it in accordance with local government practice in Britain, or with the customary theory of representative government by which the elected representatives themselves are held responsible at the polls for their conduct of financial and other affairs during their tenure of office.

It is impossible for the council to institute a sound system of planned capital works if it cannot be sure that any particular (often vital) item in the

programme will meet with the approval of the ratepayers. An excellent example of this type of problem is the Fourth Street West subway in the city of Calgary. The original application to construct this subway was made to the Board of Transport Commissioners some 43 years before the project was finally completed, and no less than three money bylaws were submitted to the ratepayers before it was finally passed. The work was finally done at a time when the cost of doing it had multiplied several times. Another example was the failure of the Calgary ratepayers to pass money bylaws for storm sewers in the early years following the end of the war. These storm sewers ultimately had to be constructed at a time when their cost was increased and after expenses for temporary expedients had been incurred.

On the other hand, the Calgary burgesses have not defeated any money bylaw since 1949, until in 1955 they failed to pass the new library bylaw. The Edmonton burgesses have approved all money bylaws since 1951, $4,755,000 being approved in 1955. Moreover, since all borrowing is subject to the approval of the Board of Public Utility Commissioners, this constitutes a safeguard against an imprudent council.

Further, the city school boards are not compelled to go to the ratepayers for approval. The city councils are thus more restricted, which is surely an anomalous position. The procedure of a school board, under The School Act, is to advertise the proposed borrowing, and only if a petition of 100 persons demands a vote, is the proposal submitted to the ratepayers. A bare majority suffices to carry the bylaw, instead of the two-thirds required for a money bylaw of the city. (School debentures are also approved by the Board of Public Utility Commissioners.) There has not been a school loan submitted to the burgesses in Calgary or Edmonton for many years. It was suggested in evidence that the city ought to be put in the same position as the school boards.

In at least two ways the council may undertake capital expenditures without a vote of the burgesses. In the first place, capital expenditures out of revenue, which may often be very large, do not require a plebiscite. By this means, the city-owned utilities which are usually operated at a profit, can carry out capital expansion from their own resources. Utility surplus can also be set aside as reserves and used for any other civic capital works. The new City Hall

in Edmonton, for example, the tendered cost of which is $3.25 million, is being financed largely out of reserves accumulated over a number of years - "a nickel here and a nickel there", to use the phrase of ex-Commissioner Hodgson. Yet a capital loan of $60,000 for a health clinic went to a vote of the proprietory electors.

In the second place, Section 642 of The City Act allows the council to borrow in order "to extend, rehabilitate, or re-equip or improve" a public works, and "to repair", (subject to a 2/3 vote of council and the approval of the Board of Public Utility Commissioners) without going to the burgesses. It does not, however, permit the council to "replace" - a right which the cities have requested for some years. It was said that not being authorized "to replace" can sometimes be a handicap, as in the instance of the Calgary City hangar, which was destroyed by fire in 1954.

The Commission has considered whether to recommend that the legislation be amended to abolish the obligation upon municipal councils and school boards to submit money bylaws to the burgesses, or whether it should be retained as an optional rather than a mandatory power. After consideration of the question however, we recommend only:

(i) That the city councils should be put in the same position as school boards with regard to money bylaws and the burgesses, and the City Act should be amended accordingly, and

(ii) That the word "replace" should be inserted at the appropriate place in Section 642 of The City Act.

2. THE LEVEL OF TAXATION

The alleged heavy burden of local taxation, more particularly upon property, has been frequently stressed in evidence before the Commission. We should be remiss if we did not examine this question.

(a) The property tax today, compared with the past.

The following tables show the property tax levy from 1921 onwards in the two cities.

TABLE 50

PROPERTY TAX (MILL RATE YIELD)
CITY OF CALGARY, 1921-55

YEAR	POPULATION	TAXABLE ASSESSMENT	PROPERTY TAX LEVY	PER CAPITA PROPERTY TAX LEVY	PER CAPITA LEVY IN 1949 DOLLARS
1921	63,305	$ 71,505,314	$3,337,510	$ 52.72	$ 65.17
1926	65,291	55,001,506	2,296,313	35.17	46.34
1931	83,769	64,402,679	3,606,550	43.05	63.40
1936	83,407	57,616,900	3,226,546	38.68	63.31
1941	88,904	54,044,058	2,602,762	29.28	42.07
1946	100,044	62,117,493	2,857,405	28.56	36.85
1948	104,718	68,810,225	3,715,752	35.48	36.58
1950	120,930	78,992,871	4,621,083	38.21	37.13
1952	138,289	108,041,731	6,401,473	46.29	39.73
1954	156,748	189,616,880	9,101,610	58.07	49.97
1955	168,840	219,624,555	9,004,607	53.33	45.86

SOURCE: Compiled from city census, financial statements, and 1955 estimates.

TABLE 51

PROPERTY TAX (MILL RATE YIELD)
CITY OF EDMONTON, 1921-55

YEAR	POPULATION	TAXABLE ASSESSMENT	PROPERTY TAX LEVY	PER CAPITA PROPERTY TAX LEVY	PER CAPITA LEVY IN 1949 DOLLARS
1921	58,821	$ 80,213,985	$ 3,200,538	$ 54.41	$ 67.26
1926	65,163	58,827,450	2,608,997	40.04	52.75
1931	79,059	66,496,485	3,291,576	41.63	61.31
1936	85,470	54,063,020	2,973,466	34.79	56.94
1941	93,924	56,228,000	2,895,742	30.83	44.30
1946	114,976	77,248,215	3,823,786	33.26	42.92
1948	126,609	90,834,775	4,496,321	35.51	36.61
1950	148,861	120,413,310	5,960,458	40.04	38.91
1952	169,196	179,267,230	9,411,529	55.63	47.75
1954	197,836	198,774,110	10,535,027	53.25	45.83
1955	209,353	232,258,500	11,142,106	53.22	45.76

SOURCE: As for Table 50.

If the per capita levy is examined, it will be noted that it is about the same today as in 1921, although a considerable increase is apparent from 1946 onwards - i.e., in the years of rapid city expansion.

If allowance is made for the inflation period, i.e., deflating the per capita tax levy by the consumer price index, to arrive at constant 1949 dollars we see the following result: In Calgary from 1948 to 1955, (the years of most rapid growth) the per capita property tax levy has increased (in constant dollars) by $9.28, or 25.4%; and in Edmonton by $9.15 or 25.0%. In ordinary, inflated dollars (the kind we must all use in daily life) the rise has been $17.85 or 50.3%, and $17.71 or 49.9% respectively.

In the early 1940's the property tax levy was abnormally low, because of the war. The cities were to some extent allowed to "run down" with the deferment of capital expenditures and even of much maintenance. It would be remarkable indeed, if no increase had taken place since then, and as we have seen, in constant dollars the increase per capita since Leduc has been only about 25%. When the comparison is made with the 1920's and 1930's, then the per capita levy is actually much lower today, in terms of constant 1949 dollars. When the high level of the property tax is spoken of, it follows that the speaker must be making comparison with the low 1940's - and especially the war years - rather than with the 20 years before then. It is not so much that the present level is unduly high, as that the level of the early 1940's was abnormally low. It was too low to maintain all facilities at efficiency, to say nothing of improvement and expansion.

Then again, with the level lower than 20 years earlier, undoubtedly the burden is less today than in the 1920's and 1930's, because there is full employment at substantially higher real incomes. "Taxable capacity" has increased - whether this is defined as ability to pay taxes or as the ability of governments to raise revenue without curtailing production and economic expansion. (Offsetting this to some extent perhaps, and tending to make the burden a bit heavier today, is the larger number of children in the average family, so that the per capita levy is being paid by each property on behalf of more persons).

On the whole then, judging from the amount of the per capita property levy through time, it is difficult to sustain a case regarding the crushing weight of the property tax. When the extra and better services enjoyed by the citizens are taken into account - schools, recreation facilities, hospitals, etc. - we are driven to the conculsion that the citizen is, if anything, getting more for his property tax than in the past. It is doubtful whether he gets better value for any other expenditures than for his local taxes, and it is a pity this is not more widely appreciated by the public.

(b) Other local taxes.

Besides the mill rate, the only other local taxes of any significance are the business tax, local improvement taxes, and the sewer service charge or sewer tax, (and in Edmonton, the water frontage taxes.) The following tables show the total tax levies of the two cities.

TABLE 52

TOTAL TAXES
CITY OF EDMONTON, 1931-55

YEAR	POPULATION	TOTAL TAX LEVY	PER CAPITA TAX LEVY	PER CAPITA TAX LEVY IN 1949 DOLLARS
1931	79,059	$ 4,285,289	$ 54.2	$ 79.8
1936	85,470	3,756,760	44.0	72.0
1941	93,924	3,675,917	39.1	56.2
1946	114,976	4,705,194	40.9	52.8
1948	126,609	5,444,340	43.0	44.3
1950	148,861	7,388,303	49.6	48.2
1952	169,196	11,573,809	68.4	58.7
1954	197,836	13,644,269	69.0	59.4
1955	209,353	14,557,588	69.5	59.8

SOURCE: As for Table 50. Gross tax levy, including water frontage taxes. See Note to Table 29.

TABLE 53

TOTAL TAXES
CITY OF CALGARY, 1946-55

YEAR	POPULATION	TOTAL TAX LEVY	1946-55 PER CAPITA TAX LEVY	PER CAPITA TAX LEVY IN 1949 DOLLARS
1946	100,044	$ 3,369,107	$ 33.7	$ 43.5
1948	104,718	4,379,290	41.8	43.1
1950	120,930	5,638,266	46.6	45.3
1952	138,289	7,809,368	56.5	48.5
1954	156,748	11,222,788	71.6	61.6
1955	168,840	11,713,624	69.4	59.7

SOURCE: As for Table 50.

The increase in the total per capita tax levy has obviously been considerably greater than for the property tax alone - a fact which comes out more clearly in the tables below. Since 1947 the per capita total tax levy has about doubled in Calgary, and has more than doubled since 1946. In terms of 1949 dollars (i.e., allowing for the inflation) the increase has of course been less striking, and since 1946 has increased by 37%.

The increase in the Edmonton per capita tax levy from 1946 has been less than in the case of Calgary but this is, on the whole, because Edmonton started with a higher level in the post-war years. In ordinary dollars the Edmonton levy has gone from $40.9 to $69.5, but the real increase has been only 13%. The per capita tax figures for Calgary and Edmonton today are very little apart.

The per capita tax levy is rising faster than the general price level in both cities however. For Edmonton, the per capita tax levy was $43.9 in 1949.

It would be $59.8 today had it only kept pace with the price level, whereas it actually is $69.5. For Calgary, the 1949 figure was $45.9. It would have been $59.7 had it merely kept abreast of the price level, whereas the actual figure is $69.4. The difference, in both cities, represents the extent to which the burden of city taxation has increased between 1949 and 1955, namely - $9.8 per capita in Edmonton, and $9.7 in Calgary.

The following tables show the increases in business tax, and local improvement levies, on a per capita basis, for both cities.

TABLE 54

BUSINESS TAX, & LOCAL IMPROVEMENT LEVIES - ON A PER CAPITA BASIS CITY OF EDMONTON, 1946-55

YEAR	BUSINESS TAX	IN 1949 DOLLARS	LOCAL IMPROVE-MENT TAXES	IN 1949 DOLLARS
1946	3.2	4.1	4.0	5.2
1948	3.7	3.8	4.1	4.2
1950	4.8	4.7	4.9	4.8
1952	5.9	5.1	7.0	6.0
1954	6.6	5.7	8.7	7.5
1955	6.4	5.5	9.9	8.5

SOURCE: As for Table 50. The local improvement taxes include the sewer tax, and water frontage taxes.

TABLE 55

BUSINESS TAX, & LOCAL IMPROVEMENT TAXES - ON A PER CAPITA BASIS, CITY OF CALGARY, 1946-55

YEAR	BUSINESS TAX	IN 1949 DOLLARS	LOCAL IMPROVE-MENT TAXES	IN 1949 DOLLARS
1946	2.8	3.6	1.8	2.3
1948	3.5	3.6	2.4	2.5
1950	4.3	4.2	2.0	1.9
1952	5.0	4.3	3.7	3.2
1954	6.0	5.2	7.7	6.6
1955	6.0	5.2	10.0	8.6

SOURCE: As for Table 50. Sewer service charges of $191,646 in 1954 and $400,000 (estimated) for 1955 are included in local improvement taxes.

The following figures on a per capita basis, show how taxes have risen in the two cities in the last 9 years.

TABLE 56

PERCENTAGE RISE IN TAXES, ON A PER CAPITA BASIS
EDMONTON AND CALGARY, 1946-55.

	EDMONTON		CALGARY	
	IN ORDINARY DOLLARS	IN 1949 DOLLARS	IN ORDINARY DOLLARS	IN 1949 DOLLARS
PER CAPITA	PERCENTAGE INCREASE		PERCENTAGE INCREASE	
Property tax (mill rate) levy ...	60%	7%	87%	25%
Business tax levy	100%	34%	114%	44%
Local Improvement tax levy	148%	63%	456%	274%
Total tax levy	70%	13%	106%	37%

SOURCE: Tables 50-55.

Although in real terms the total per capita tax levy has gone up only 13% in Edmonton, and 37% in Calgary; within the total, considerable change is apparent. The mill rate levy has gone up least of all, while the local improvement levy has increased enormously. Still, it is the total which matters most, and the rise in real terms (1949 dollars) has been very small for Edmonton. One must never forget too, that in 1946, taxes were at an unusually low level - compared with the 1920's and 1930's - and some rise was only to be expected if the city was to be maintained efficiently. In one sense, the real problem is to explain why taxes have increased so little. One can only sustain a case that taxation is crushing, if the standard taken for comparison is the years when the city was "just getting by".

(c) Comparison with other Canadian cities.

A reference to an earlier Table will show the current tax levy per capita in Edmonton and Calgary as well as in selected other Canadian cities at the end of 1954. Of the 17 cities shown, 8 of them - namely, Winnipeg, Windsor, Toronto, and Metropolitan Toronto, St.John, London, Hamilton and Halifax, all had a higher tax levy per capita than the two leading Alberta cities. Seven had a lower figure, namely Montreal, Ottawa, Quebec, Regina, Saskatoon, Vancouver and Victoria. On the basis of these figures, we cannot say that Edmonton and Calgary taxes are unusually high.

Based on returns from city assessors, another set of comparative figures was put in evidence as follows: A house, costing $10,000 in 1952, on a 50 foot lot, in average location, would have paid the following general tax in the

following cities:-

Regina	$ 189
Moose Jaw	170
Saskatoon	186
Prince Albert	175
Calgary	275
Edmonton	210
Vancouver	240
Victoria	185
Winnipeg	321

SOURCE: Ex. 214E.

Such figures are naturally not conclusive, and deal with the mill rate only, but such as they are they seem to indicate that residential taxation is higher in Edmonton than in the smaller western cities, but is lower than in the larger cities of Winnipeg and Vancouver, whereas Calgary is second only to Winnipeg.

(d) Tax collections.

One of the easiest ways and perhaps one of the best, by which to test the thesis that property taxation is "too high" is to examine the figures for tax collections.

> "In the good old days", (according to ex-Commissioner Hodgson of Edmonton) "the city never collected more than 60% of its tax levy. When tax arrears were collected, they went into a special trust account, with the sinking fund trustees, to help repayment of the borrowing which had financed the city for the arrears. In 1925, for instance, borrowing to cover tax arrears was consolidated into a $5,300,000 loan on a 20-year basis at 7%."

Judged by tax collections, the two cities have never been better off than in the last decade, and within the decade, the last few years have been especially good, as the following tables show.

TABLE 57

TAXES LEVIED AND COLLECTED
CITY OF EDMONTON, 1927-54

YEAR	TOTAL TAXES LEVIED	TOTAL CURRENT TAXES COLLECTED	%
1927	$ 3,606,843	$ 3,140,212	87.1
1931	4,285,289	3,463,488	80.8
1936	3,756,760	3,017,248	80.3
1941	3,675,917	3,174,508	86.4
1946	4,705,194	4,432,835	94.2
1948	5,444,340	5,123,229	94.1
1950	7,388,303	6,896,187	93.3
1952	11,573,809	10,880,087	94.0
1954	13,644,269*	13,106,264	96.0

SOURCE: City Financial Statements. * Gross figure including water frontage taxes.

TABLE 58

TAXES LEVIED AND COLLECTED
CITY OF CALGARY, 1937-54

YEAR	TOTAL TAXES LEVIED	TOTAL CURRENT TAXES COLLECTED	%
1937	$ -	$ -	76.4
1941	-	-	88.0
1946	3,369,107	3,191,683	94.7
1948	4,379,290	4,167,875	95.2
1950	5,638,266	5,396,274	95.7
1952	7,809,368	7,505,911	96.1
1954	11,425,621*	10,903,580	95.4

SOURCE: As for Table 57. * Includes penalties and discounts.

Doubtless in good times, non-payment of taxes will not become widespread, even if the level of the property tax is so high as to constitute a "levy on capital", that is, higher than the amount which could be recovered from the potential revenue from the property. For that reason taxes may be "too high" on the individual property, even though they are paid. Nevertheless, in spite of this qualification, the percentage of tax collections is a good rough and ready indicator of municipal health and the figures show that Edmonton and Calgary were never healthier.

(e) Local taxes and personal incomes.

Figures on personal incomes for the two cities are not available, but some are available on a province-wide basis. The following figures show municipal taxation in the province as a percentage of personal income in the province, for selected years. From the figures given we can say that the municipal tax burden in the province as a whole, was somewhat more onerous in 1952 than in 1946, and still more onerous in 1954. But in 1946 municipal taxes as a whole were unusually low, and to a large extent the relative worsening in 1954 was due to the drop in net farm income in that year.

TABLE 59

MUNICIPAL TAXATION AS % OF
PERSONAL INCOME IN CERTAIN PROVINCES

	1946	1949	1952	1953	1954
Alberta	3.7	4.3	4.2	4.5	5.4
British Columbia	2.8	2.9	2.9	-	-
Saskatchewan	4.0	4.1	3.7	-	-
Manitoba	3.7	4.1	4.3	-	-
Ontario	3.1	3.4	4.0	-	-

SOURCE: Hardy Report, P. 10; D.B.S. income data, and Annual Reports, D.M.A.

If we take a longer term view, and compare municipal taxation with other taxation, the results may be seen in the following table.

TABLE 60

TAXES & PERSONAL INCOME, CANADA, 1939-51.

	1939		1945		1949		1951	
	$ (Millions)	% of Personal income of Canadians	$ (Mill.)	% P.I.	$ (Mill)	% P.I	$ (Mill)	% P.I.
Total federal taxes	467	11	2,168	24	2,403	19	3,732	24
Total provincial taxes	203	5	226	2	621	5	756	5
Total municipal taxes	281	6	308	3	450	3	547	3
	951	22	2,702	29	3,474	27	5,035	32

SOURCE: From Manitoba Provincial-Municipal Committee Report, 1953, P. 42.

The increase in federal taxes, 1939 to 1951, has been enormous - practically 700% - that for provincial taxes some 272%, while municipal taxation has risen least of all, by only 95%. Municipal taxation for all Canada in 1951 took only 3% of personal income as against 6% in 1939.

The use to which such figures may be put will vary. They could be used, for example, to justify a raise in municipal taxation, on the ground that such taxation has fallen far behind the increases in federal and provincial taxes. It may be cold comfort however, to be told that municipal - and in this case, city - taxation has not gone up as much as other taxes.

Indeed, some will argue that just <u>because</u> senior governments have increased their tax-take so much, the municipal governments should decrease their taxes. But this is surely a perverse way of looking at it; and it is unreasonable for the taxpayer to direct so much of his fire at his local taxes. If there is a "villain" in the tax-pile at all, it is the international situation, which compels the federal government to maintain high taxes for defence of the realm (direct defence expenditures are more than 40% of the federal budget, or (in 1954) $122.18 per capita).

(f) A narrowing assessment base.

In the case of Edmonton, the assessment base has narrowed considerably, as the following table shows. That is to say, as the proportion of commercial and industrial assessment has declined, a larger share of the property tax load has been shouldered by residential property.

TABLE 61

RESIDENTIAL AND BUSINESS ASSESSMENT
CITY OF EDMONTON, 1946-55

YEAR	RESIDENTIAL ASSESSMENT	COMMERCIAL & INDUSTRIAL ASSESSMENT	TOTAL	COMMERCIAL & INDUSTRIAL AS % OF TOTAL
1946	$ 22,779,865	$ 54,468,350	$ 77,248,215	70.5%
1948	28,975,295	61,859,480	90,834,775	68.1%
1950	39,525,665	80,887,645	120,413,310	67.2%
1952*	76,609,550	102,657,680	179,267,230	57.3%
1954	112,284,640	86,643,630	198,928,270	43.6%
1955	131,707,440	100,551,060	232,258,500	43.3%

SOURCE: City data and Annual Reports, D.M.A. * The figure for 1952 is unreliable.

While residential assessment has increased five times from 1946, commercial and industrial is not even double the earlier figure; and the percentage in 1955 was the lowest of all. The Edmonton situation is in one respect a special one, in that much industry has gone outside the city limits. The steady narrowing of the assessment base, for whatever reason, can only create financial difficulties for the city. Unfortunately similar figures are not available for Calgary to show the trend through time, but the evidence (the accuracy of which is questionable) suggests that today commercial and industrial assessment make up only some 40% of the total.

How serious the dependence on a residential tax base can be - unless it is very high value property) is clearly shown in the tables set forth in Chapters 3 and 4, on the fringe communities. It may also be documented directly from the two cities. The conclusion from the following table is inescapable and disturbing. The property tax yield from all residential property is not enough to pay the total school costs in the cities.

TABLE 61 (a)

RESIDENTIAL ASSESSMENT, TAX YIELD AND SCHOOL COSTS,
CITY OF EDMONTON, 1946-55.

YEAR	RESIDENTIAL ASSESSMENT	TOTAL MILL RATE	TAX YIELD	SCHOOL REQUISITIONS	TOTAL SCHOOL COSTS
1946 ...	$ 22,779,865	49.50	$1,127,603 ...	$1,946,730	$2,029,603
1948 ...	28,975,295	49.50	1,434,277 ...	2,311,703	2,646,029
1950 ...	39,525,665	49.50	1,956,520 ...	3,426,826	3,771,144
1952 ...	76,609,550	52.50	4,002,001 ...	4,842,296	5,314,484
1954 ...	112,284,640	53.00	5,951,085 ...	5,955,869	7,245,274
1955 ...	131,707,440	48.00	6,321,957 ...	5,426,479	8,497,259

SOURCE: Compiled from Financial Statements.

Unfortunately, again, similar figures for Calgary cannot be secured, but taking the residential assessment at 60% of the total for 1955, (as was given in evidence) and applying, the full mill rate of 41 gives a yield of $5,400,370, compared with total school costs of $5,976,366.

(g) Conclusions on the level of taxation.

Despite the comparatively narrow tax base, city taxation has not gone up as much as municipal and school expenditures. The property tax (mill rate) levy in particular has lagged, as the cities have secured more revenue from business tax, local improvement levies, the utilities, and of course the provincial government. With the rising price level, rising costs, and steady public pressure for better services, the cities have found themselves hard-pressed; but it can hardly be said that they have raised taxes unduly - when compared with the past or with other Canadian cities, or when the extra-ordinary rate of growth is taken into account. The very fact that much capital expenditure could be financed out of revenue with public acceptance, in recent years - a pay-as-you-go policy - would seem to show that the cities have not reached a desperate taxation stage. That is, they have been able to carry the city expenditures (with provincial help) and at the same time find enough revenue for extra capital expansion. There may be a case for raising taxes, or at the very least for having raised them in the war and immediate post-war years.

Assessment for instance, has lagged, and has been quite out of line with the rising values of residential real estate, particularly on older properties. Councils have been slow to raise assessment and taxes, for several reasons. There has been the feeling that perhaps real estate values are "too high", and might suffer a slump, to something nearer an elusive point called "normal". Again, each rise in taxes is painful, and must be justified to the indignant ratepayers who are always ready to demand new services, and reluctant to pay for them in taxes. It is much easier for councils to ask for grants from the senior governments, or to think in terms of new taxes, or even of the transfer of functions to the province.

It is also easier, from the point of view of public acceptability, to extract more civic revenue from the utilities than from the mill rate. The following table sets forth the total revenues of all kinds from the city-owned utilities in Edmonton and Calgary.

TABLE 62

TOTAL REVENUES, BY CLASSES, RECEIVED FROM THE FIVE CITY UTILITIES, CITY OF EDMONTON, 1946-55

UTILITY	1946	1948	1952	1954	1955
ELECTRIC LIGHT & POWER					
Property Tax	$ 106,920	$ 106,920	$ 131,250	$132,500	$ 132,500
5% on Revenue	100,555	116,975	199,704	258,308	286,302
From Surplus	40,565	56,475	9,188	48,827	49,104
POWER, WATER SUPPLY					
Property Tax	106,920	106,920	131,250	132,500	132,500
5% on Revenue	88,643	110,098	155,375	183,456	204,970
Surplus	182,437	200,382	303,225	375,404	363,890
TRANSIT SYSTEM					
Property Tax	17,820	17,820	26,250	26,500	26,500
5% on Revenue	89,709	111,550	146,102	163,841	162,150
From Surplus or Deficit	- 5,647	- 192,730	-145,086	+ 80,794	+ 17,488
TELEPHONE					
Property Tax	106,920	106,920	131,250	132,500	132,500
5% on Revenue	47,448	53,841	114,235	151,344	165,475
From Surplus	140,000	178,960	60,933	124,696	135,000
WATERWORKS DISTRIBUTION					
Property Tax	106,920	106,920	131,250	132,500	132,500
5% on Revenue	54,853	62,485	109,351	129,386	136,350
From Surplus	29,557	16,500	....	127,356	148,776
GRAND TOTAL	1,213,620	1,160,036	1,504,277	2,199,912	2,226,005

SOURCE: Compiled from Financial Statements and 1955 Estimates.

TABLE 63

TOTAL REVENUES, BY CLASSES, FROM THE THREE CITY UTILITIES, CITY OF CALGARY, 1946-55.

UTILITY	1946	1948	1952	1954	1955
ELECTRIC LIGHT & POWER					
5% on Revenue	$107,686	$128,212	$197,994	$252,598	$270,825
Rental of Land	344	344	344	344	344
Contribution from Current Revenue	90,000	90,000	90,000	90,000	------
From Surplus	378,343	306,718	382,411	684,688	697,477
TRANSIT SYSTEM					
5% on Revenue	81,978	83,993	119,381	132,075	128,025
Rental of Land & Bldgs.	2,565	2,565	------	------	------
From Surplus	117,199	------	------	------	------
WATERWORKS					
Taxation of Revenue	45,031	49,647	65,564	90,323	104,926
From Surplus	52,831	195,801	5,835	------	------
GRAND TOTAL	875,977	857,280	861,529	1,250,028	1,201,597

SOURCE: Compiled from Financial Statements, and 1955 Estimates.

It will be observed that Edmonton draws from its utilities in 1955 approximately double the revenue which it drew in 1948. The utility rates in both cities compare favourably, generally speaking, with those in other Canada cities. In their search for additional revenue therefore the cities can hardly do better than tap further this source of revenue. Accordingly we recommend that both cities raise utility rates to the public, and that they regard their utilities as a proper extension of their tax base, and the revenues therefrom as an alternative to the yield from real property. City councils and public must however realize clearly what is being done, namely, instead of supplying "service at cost" the rates are set at a level above "cost" in order to yield what can only be described as tax revenue. (The point would be more clearly seen, if to "service at cost" there were added to the consumer's bill a percentage representing the tax.)

In Edmonton, the rates which should be given this consideration are the telephone, water and electricity rates; in Calgary the water and electricity. Edmonton's telephone rates are among the very lowest in the country; and as for electricity not only are the rates low, but the city does not derive as much revenue from its electric light (distribution) department, as does Calgary.

(This is offset however, by the fact that Edmonton derives substantial revenue from power generation, a source not open to Calgary which buys its power wholesale from Calgary Power, Ltd. The power plant in Edmonton sells power to the electric light (distribution) department at a higher price than the Calgary electric light department purchases power from Calgary Power Ltd.)

It should be pointed out however that accurate utility "costs" are almost impossible to determine at present. The utility records and accounting would need to be revised in order that full accurate costs - including depreciation, costs of capital, and overhead - might be established for each utility. Moreover, as was shown in evidence, the city utilities are assessed (in Edmonton only - Calgary does not assess its civic utilities) at considerably less than an up to date figure. A full assessment would be a necessary element in ascertaining accurate costs of operation and service. The cities have full liberty, under S. 446 of the City Act, to assess their utilities as though they were private corporations.

3. GENERAL DISCUSSION OF THE PROPERTY TAX

The Commission is not so hopeful as to believe that it can persuade the taxpayers to abandon many of their cherished but mistaken beliefs about the property tax. Too many others have tried and failed at this sisyphean task. Nevertheless, a sense of duty, if not of hope, justifies a few basic comments.

The property tax is here to stay for a long time yet, and will continue to provide the major portion of city revenue. Broadly speaking the Commission feels that despite its faults, it is a good tax for local use. Its yield is productive and predictable, it is reasonably economical to administer, and difficult to avoid. It has its imperfections, but there are no perfect taxes and probably never will be.

Criticisms of the tax take several forms:

(a) One of them concerns the incidence, i.e., who actually bears the burden of the property tax. It is often wrongly alleged that tenants do not pay property taxes. In general, all authorities agree however, that the tendency is for the property tax on buildings to be shifted to the tenant. Unless the landlord can shift the tax to the tenants he is not likely to keep on supplying accommodation. Occasionally, however, the general rule may not apply. When rentals fall sharply, because the supply of rental property is high relative to effective demand, there is a tendency for the tax to be shifted to landlords, as they lower their rentals in order to secure tenants. Thus, in Edmonton in the depressed thirties, house rentals fell from \$30 to \$35 monthly to as low as \$10 in many instances, and the low rental was not enough to cover taxes plus depreciation. In the war-time period of rent control, it may also have been difficult for landlords to shift the whole burden of tax to tenants, and some evidence to this effect was presented to the Commission.

The property tax on business property (like the business rental tax in the two cities) tends to be regarded as a business expense, and will be shifted to consumers - like a sales tax - under conditions of competition. If it cannot be shifted, firms will tend to move - e.g., out of high property tax areas to low tax areas in the city. The property tax on business is usually so insignificant a part of total costs that its influence on location is generally small, although something will depend on the proportion of fixed capital to sales, which varies from one business to another. (The tax on land values tends to be capitalized and so to reduce the market value of the site, but the tendency may not always work out that way in practice).

We may conclude that the property tax on housing is generally borne by tenants and home-owner-occupiers, (the latter cannot, of course, shift the tax), and that on business property by consumers of the product or service. The incidence of the property tax is usually widely diffused and it is not possible to calculate precisely, in all cases, how it is borne and in what proportions. But it is not true that only property owners bear the property taxes, although doubtless millions of landlords now living will go their graves, clutching the comfort which this fallacy gives them.

(b) An argument sometimes put to the Commission was that property should pay taxes only for services that benefit property, but that property taxes should not be called upon to pay for local welfare services including education. There are several objections to this view:

(i) The first is that of separating benefits to property, from benefits to persons. It is hard to see what "benefits to property" can mean, in as much as the benefits accrue in the last analysis to owners or other persons. In other words, indirectly the benefits are always to persons.

(ii) The benefits of civic services are widely diffused; it is impossible to say, for instance, how much of the cost of police should be charged to protection of property, and how much to the protection of life and morals. The proportion will vary with the kind of civic service and is impossible to calculate and allocate, even if the principle of service to property is accepted.

(iii) To accept the principle would logically imply acceptance of the wider principle that taxes should be paid in proportion to the benefits the individual taxpayer receives. This wider principle is clearly not that on which our tax system is based. Income tax, sales tax, customs duties, mill rates - none of them pretends to give a return nicely proportioned to the amount paid in. The bachelor and the family without children pays its school rate, a corporation also pays its school rate even though it has no children, as well as no soul. Nor can one refuse the benefits and thus escape paying the tax. Collective services, by their very nature, can neither be contracted out of, either for purposes of payment or of receiving benefits; and that is why they are established: because they cannot or will not be bought on an individual basis like commodities bought on the open market.

(iv) The argument from benefit is in conflict with another principle, even more basic to the tax system as a whole, that of ability to pay. We must say "the tax system as a whole" because some taxes have a regressive element in them - i.e., they bear more heavily on poor people, such as a tax on necessities like bread or milk; while a tax on luxuries, such as champagne or mink coats is presumably not regressive, and in this respect it resembles the personal income tax.

(c) It is often alleged that the property tax is regressive; and this is true, insofar as housing and shelter take a larger proportion of a lower income than of a larger income. Much the same is true of all necessities, including most of the utilities, whether private or civic. However, no tax should be judged by itself, but as a component of the whole tax system. It is impossible to make every tax perfectly progressive, (unless all taxes except personal income tax were abandoned) and as long as the tax system as a whole is not grossly regressive (and it is not) then the regressive element in the property tax may do no great harm. And it may be more trouble than it is worth to eliminate it. After all, well-to-do people usually do live in better housing and pay more property tax, (if the assessment is properly done) and poorer people live in lower-cost housing and so pay less property tax; so that the tax is only <u>partly</u> regressive. But if a wealthy miser lives in a shack, to that extent he is not paying his share of property taxation. Moreover, the property tax

in principle, has wide public acceptance and this is always a sine qua non for any tax.

There are enough difficulties with the property tax without creating those further and quite unnecessary ones mentioned above. The genuine difficulties concern such questions as: is the property tax too high? (a proposition discussed earlier); assessment, (for example, the tendency to under assess high value property); tax exemptions, and whether they should be reduced; tax concessions and the like. The latter topics are treated more fully in Chapter 9, where recommendations are also made.

(d) Why complaints about the property tax?

If what is said above is true, what then, explains the frequent complaints against the load on the property tax, made before the Commission?

First, there is the position unique to Alberta; the contrast of full provincial coffers and declining debt, with low provincial taxation, and rising municipal taxes and even more rapidly rising debt. But this scarcely goes to the heart of some of the fundamental criticisms made.

Second, there is an increasing load piled onto local taxation. In earlier days, the property tax bore neither the range nor quality of services which it bears today. It is a commonplace that the number of services for which municipalities were responsible, was small. Private charity and voluntary organizations bore the cost of services which now are borne wholly or partly by local governments. Education, hospitalization, child welfare, indigent relief and many other welfare services are cases in point. To these have been added public health services, traffic problems, recreation, etc., -- which used to be virtually non-existent as functions of government.

As newer services have been added, or older services raised in quality and cost, they have traditionally been left at first to the local authorities. The assumption of such services by the federal government has been slow, for a number of reasons unnecessary to detail here, the chief exception being Old Age Pensions, Unemployment Insurance and Family Allowances. The assumption of services by the province has also been slow; instead, more usually the practice has been to find grants-in-aid to help the localities. These grants vary in proportion from one service to another until now in Alberta they form a complex system, often hard to understand, and not always supported by any clear principles. They have, however, enabled the municipalities to carry on. (See later).

Third, while the number and quality of municipal services have increased, the local tax sources have shrunk. Two local examples here are the automobile tax and the income tax, which used to be levied by both Edmonton and Calgary, the former being transferred to the province in 1921, the latter in 1932. The upshot is that urban and indeed all municipal expenditures have risen, though not as much as provincial and federal expenditures in Canada, while the number of municipal taxes has shrunk somewhat. Only occasionally has one been added, as in the sewer service charge and sewer tax. Put in another way, extra services and extra costs have been piled upon a very narrow tax base, consisting mostly of real property.

Fourth, municipal expenditures are not easily reduced, though they are easily increased in response to public demand, especially if the provincial governments will heed cries for help. There are a number of mandatory services which the city is compelled to perform. A recent example here is the necessary sewage disposal plants which the cities have been ordered to construct, by the Department of Health. Many other city expenditures are inflexible - e.g., on schools - so that the amount of discretion which the council has, to control or reduce spending, is a good deal more limited than is commonly supposed.

Municipal expenditures are thus regular and recurrent, and though they may of course be modified upward they are not very flexible downward. The property tax is also relatively rigid, and hence in times of depression, tends to bear relatively more heavily, because it cannot easily be avoided, unlike income tax or sales tax, of which the taxpayer pays less if his income and his spending falls.

There may be other reasons for complaints about the property tax. For example, it is not easily avoided and is readily seen. "It is often payable in a lump sum, a painful direct and onerous way". (Judge Report, p. 37.) In these respects the property tax is like personal income tax, and it is not an accident that these two taxes should often be the target of criticism by persons who seldom attack the many indirect taxes which they pay cheerfully because unknowingly. Indirect taxes are collected largely by the use of anaesthetic devices, and only the sophisticated tax-payer protests against them.

It is also true that, generally speaking, the only electoral groups which are always organized and vocal at the municipal level tend to be the property owners - usually those concerned with building or renting; and it is only

natural that they should be concerned with the property tax, and that they take as axiomatic that it is always "too high." Very few people pay direct taxes cheerfully. Again, most citizens are not always aware of the services which they get in return for local taxes, and a constant process of public enlightenment along that line needs to be carried on.

We may safely conclude that the financial problems of the cities are real enough, even though they may often have been supported by arguments about the property tax that have little validity.

We realize too the necessity of the strictest, continuous scrutiny of city expenditures, particularly of proposed new expenditures, to ensure that they are necessary. There should also be the utmost economy of operation, compatible with efficiency. In many cases efficient operations will indeed contribute to economy. Without, however, having made a detailed study of city administration we are unable to enunciate more than the general principle of careful spending, economy and efficiency; and can only leave it to the cities themselves to devise ways and means of carrying the principle into effect.

4. <u>POSSIBLE SOLUTIONS TO THE PROBLEM OF INSUFFICIENT LOCAL REVENUE</u>.

Whether local taxes are too high or not is partly a psychological question. Let us assume for the moment however, that property taxes are in fact "too high". We could, for instance, say they were too high if enough people <u>believed</u> they were. It would not matter how objective the belief is, since all beliefs have great effect upon our behaviour and attitudes. And how people look upon taxes is one part of taxable capacity, which is always partly subjective. If we assume then, that it is desirable to help the cities financially (other than by advising them to increase present taxes) there are several possible ways in which a lightening of the load could be achieved. These are:

(a) Transfer some functions to a senior government, thus leaving the cities with a manageable number of functions.

(b) Give the cities new sources of revenue in the form of new taxes.

(c) Transfer more money from the province to the local authority.

Each of these methods has its difficulties, which must now be examined.

(a) <u>Transfer of functions to senior governments?</u>

It is not within the scope of this Commission to make recommendations with regard to amending the British North America Act. For that reason the Commission

can scarcely suggest a transfer of municipal functions to the Dominion.

Among the services which it was suggested should be transferred from local to provincial government is that of hospitalization. (See note on Hospitalization). At one point in the hearings the transfer of education was also recommended. An attempt by the Commission to secure from witnesses a list of services which might properly be transferred, did not get very far. It was fairly plain that except for hospitals, not much thought had been given to this possible method of lightening the burden of municipal taxes.

It is possible that a few locally-administered services, for which the province already pays the bulk of the cost might be transferred. Mothers' allowances (80%), homes for the aged and infirm (60%), child welfare (60%) and indigent relief (60%) might come into this category. The province can hardly be expected to leave a service in local hands if it pays nearly all the cost.

On the other hand, if a few such services were in fact lifted from local shoulders, they would still not give substantial relief to city finances - except possibly in time of depression when some welfare costs might increase greatly. The really big expenses of the city are for education, debt charges, fire and police and hospitals, and some or all of these would have to be transferred to afford substantial relief by the method of transfer.

Two questions easily become mixed in any discussion of functions.

First, what functions are properly local, and what provincial (or national)? There are so many border-line cases that the debate is interminable, and we do not propose to follow that will-o'-the-wisp.

Second, should functions be allocated on a cost basis, rather than on their merits as being "properly" local or provincial? The answer can hardly be a confident "yes", or fire protection - one of the more costly functions - should be transferred in preference to indigent relief - a less costly function - but this is absurd.

In practice, however, these conundrums may be avoided - since only hospitals and education and some welfare services have been widely discussed as proper functions of the provincial government. (See Chapter 7 on Education, and the Note on Hospitals below.)

(b) <u>Give the cities new taxes?</u>

If this means giving the cities completely new tax sources, it was not on the whole, favoured by

witnesses appearing before us. This was made plain and emphatic several times in Calgary. Reference to the variety of United States local taxes, such as income, sales, liquor, amusements, motor vehicle, gasoline, excise, refuse and garbage service, gross business receipts, was nearly always coupled with the view that they "are not wanted here", "they would be unpopular", or "difficult to collect", in any case "our people are taxed high enough".

Many of these taxes have, quite rightly, been called "nuisance taxes", and the Commission would be sorry to see them introduced into this province. Moreover, in the Commission's opinion, some of them, such as income, sales and amusement taxes in Alberta are less suitable for local authorities than for senior governments who can collect them more readily, are freer from local pressures, and can ensure uniformity.

On the other hand, a sewer service charge or sewer tax, has been introduced in the two cities; and there is no inherent reason why a similar charge should not be made for garbage collection.

We have the greatest sympathy with those who would like to see a widening of the local tax base, - i.e., a greater diversity of tax revenue sources - but we do not believe that further taxes would meet with public acceptance, always one of the most important criteria of a good tax; and hence we are reluctant to recommend new taxes.

A closely related solution is to re-distribute taxes now levied by the province, for instance, the gasoline, motor vehicle, or amusement tax. But the Commission is reluctant to advise that this step be taken.

Obviously, with two of the chief methods of obtaining relief ruled out, it is not going to be easy to meet the financial problem of "too little revenue". The remaining one of the three possible methods is that of increasing provincial grants.

(c) Increase provincial grants?

The Alberta grants system is a complex one that has grown up over the years, and a full description would require the Commission to extend the boundaries of its terms of reference. Since some of the grants play a large part in civic and school finance, the subject must be treated, however, if only in a summary fashion.

The rising expenditures and rapidly growing debt of the cities, and of other urban municipalities, have already been documented. Instead of looking for new sources of tax revenue they have looked to the province for aid, and

the aid has been forthcoming in the form of loans and grants, as the province has responded to the municipal pressures. The concern of the province over rising local taxes, and the need for extra local revenue, has been shown by the increasing grants and loans.

(i) The loan system for municipalities.

Urban centres - cities, towns and villages - have been under considerable local pressure to provide urban amenities, in particular, sewer and water systems. The loans would have been more costly and more difficult to obtain on the open market, had it not been for the lending system set up by the province.

In 1950 the Self-Liquidating Projects Act, for urban authorities, provided for loans for utilities at 2%. The sum of $21.9 million was lent in the two years the Act was in operation, after which it was replaced by another with much the same purposes: the Municipal Capital Expenditure Loans Act of 1953. The latter Act had rather broader purposes. Loans could be made, not only for "self-liquidating" utilities, but also for a wider variety of capital expenditures, the debt charges for which would fall on the general mill rate. Municipalities other than urban could qualify, and by a 1954 amendment municipal hospital districts could also borrow.

Whereas until now, rural units have very little debt, under the facilities of this Act it is likely to increase as the rural authorities borrow for road machinery, homes for the aged, and other purposes.

The method was to set up a "revolving fund" from which municipal loans might be made. At first (1952-53) the fund was given an amount of $25 million, but in the following year another $35 million was allocated, and for 1955-56 the estimates provide a further $30 million, making $90 million in all. The fund was calculated "to make it unnecessary for any municipality to borrow on the open market". (Budget Speech, 1954) Similar, though smaller, revolving funds have been set up for Rural Electrification, the Alberta Government Telephones, and Homestead Leases.

Loans are made at rates of interest from 2½% to 3½%, and for varying periods of repayment between 5 to 25 years. The 5 year loan carries the lower interest rate, and the 25 year loan the higher rate, according to the type of project. All loans are on the annuity method of equal annual repayments, of blended interest and principal. As repayments are made, the fund will be re-

plenished and so "revolve."

The system has clear advantages for the municipalities over borrowing on the open market. First, the interest rates are less than those which would have to be paid elsewhere. Second, many municipalities would have found it difficult, and some impossible, to borrow the same amounts on the open market. There can be no doubt that the provincial lending facilities are largely responsible for the fact that the two cities have been able to undertake their enormous capital outlays of recent years. (The assistance was of course supplemented by school construction loans, on which, see Chapter 7. In addition to the loans under the two Acts mentioned above, between 1952 and 1954 other non-recurring municipal loans, amounting to $12 million were made.) As mentioned earlier we assume that the province will continue as a source of at least part of the cities' capital requirements in the future.

(ii) <u>The grants system (excluding schools and hospitals)</u>

Provincial grants-in-aid have, of course, been paid for many years. The first were school and hospital grants, which began in 1906 soon after the province was established. It would be out of place here to go into detail on the history of these many grants. Suffice it to give a brief survey of the present system.

Grants may of course be classified in several ways, but perhaps the first broad division which may be made is between conditional and unconditional grants. Most of the grants have traditionally been conditional or specific, but in recent years the province has introduced a large unconditional grant known as Municipal Assistance. Unconditional grants may be used for any purposes whatever as the local authority sees fit.

(1) <u>Municipal assistance or unconditional grants.</u>

Under the Municipal Assistance Act of 1951, the government set aside 40% of the gasoline tax collections to be distributed to all the different types of local authorities in the province. The system may thus be regarded as a shared tax, and not as a grant derived from general revenue. Certain criticism may be levelled against this method of allocating revenue to municipalities. For one thing, the total amount, and hence the amount received by each local authority, will fluctuate with the tax collections and hence with the rate of the tax and with the general level of prosperity and gasoline sales.

As with all grants, a problem arises as to how the allocation should be made to the local authorities, and certain changes have been made since the inauguration of Municipal Assistance. The total amount of the appropriation has also been raised, in 1952 to 50% of the gasoline tax yield, at which level it now stands.

The allocation formula was amended and simplified in 1953. The total appropriation is taken and divided into two parts: urban and rural, strictly on the proportion of urban and rural population in the province, as estimated by the Department of Municipal Affairs. The urban share is distributed to the individual urban authorities on a straight per capita basis (which came to $7.51 in 1955), a method which has, at any rate, the great merit of simplicity. The rural share is on a different basis, whereby 60% is distributed according to assessment, and 40% forms an "equalization" grant with "need" being measured by the three factors of population, area and per capita assessment.

The amounts received by Calgary and Edmonton under Municipal Assistance have been given earlier in this chapter. Out of the total estimated municipal assistance grant of $9 million in 1955-56, Calgary will receive $1,250,000, and Edmonton $1,600,000, to a total of $2,850,000. (In fact, the amounts have turned out to be slightly higher).

The earlier grants were subject to a "no-rise-in-mill-rate" provision which has since been dropped. Fortunately so, since from an economic point of view, the time to reduce taxes is not in prosperity as now, but during a recession, when the reduction would have a greater effect in stimulating the economy, and when tax-reductions would be most welcomed by the public.

The Commission is concerned more directly with the distribution of the urban part of the Municipal Assistance shared-revenues. If Municipal Assistance is to continue, then some other method than mere per capita basis, of dividing the urban share, should be devised. The disproportionate rise in city costs due to (a) unusually rapid growth, and (b) large size, should be recognized. For that reason, we recommend that these two factors be taken into account in distributing Municipal Assistance to the urban local governments.

These two bases for fiscal need - rapid growth and large size - are becoming increasingly recognized in recent years, as the more expensive job of government in large and rapidly growing cities is appreciated. There is no need for us to document the case here that large size and rapid growth generate unusually high per capita costs.

In some respects these extra costs parallel the extra costs of specific services in rural areas, e.g., those created by sparse populations and large road mileages. New York state has gone some way to recognize these additional costs of large cities, and so too has Ontario. The Ontario government in 1953, introduced a per capita grant graded in favour of large urban centres - and ranging from $1.50 to small units to $4 in Metropolitan Toronto.

The factor of unusually rapid growth, which also puts an extra burden, particularly a debt burden, on municipalities, should also be taken into account. For example, the per capita amount of urban Municipal Assistance could well be graded upward for those municipalities which are increasing faster than the average (or perhaps faster than a set figure, say 2% per annum, which seems to be about the rate that will not disrupt civic finances.) This method would then replace the present method of an equal per capita amount for all the urban municipalities. Moreover, the extra need created by unusually rapid growth is already recognized in one of the education grants to school boards, by which an additional sum per pupil is paid for pupils in excess of the average provincial increase in enrolment. The justice of the principle should therefore be readily acknowledged with respect to municipal grants.

In recommending that large size and rapid growth should be recognized as factors justifying special assistance we are, in more general terms, advocating the principle of assistance according to measurable need, i.e., equalization. We are not suggesting any change, however, in the initial division of the Municipal Assistance Funds as between urban and rural municipalities, a division which is now made on a population basis. Nor are we spelling out in detail how the recommendation might be implemented. Several methods are possible. For instance, if it is to be done without reducing the grant to any one municipality (always a hard thing to do), it would require additional funds for the Municipal Assistance Fund. An increase in gasoline sales will automatically take care of this, without any increase in the rate of gasoline tax. We do not anticipate a sudden large increase in aid for Edmonton and Calgary through this recommendation. Any increase will be slow but steady. Or again, a special grant could be created for the purpose, although it is generally advisable to reduce rather than increase the number of grants, in the interests of simplicity and public comprehension.

A reference to the special needs of Edmonton and Calgary brings up a point to which the Commission has given considerable thought. It is plain from Chapter 2 that these two metropolitan areas contain nearly 40% of the population of the province. The spectacular post-war growth of the province is in large measure within these two areas. They have accommodated a large part of the larger population, and in doing so a much higher portion than "average" of the burden of the capital costs of expansion-for sewers, water, roads, police protection, fire services, utility extension, schools, hospitals and so forth - has fallen on these areas. The local economy has been buoyant, municipal revenue has risen, and provincial grants have been forthcoming in increasing amounts, for example, through municipal assistance and the Tax Reduction Subsidy for schools in 1955. Mill rates have dropped, although per capita taxation has not changed much. With regard to capital borrowing, funds have been available from the province and debt has risen rapidly.

But throughout all this phenomenal development the tax base of the cities has remained the same, and they have not been direct legatees of special revenues arising from the growth except insofar as they have shared through increased grants, in common with other municipalities in the province. To the extent that these two cities have had to bear above average capital costs in absorbing the population, the Commission thinks they deserve special consideration.

The point may be put in another way. Let us assume, that before the discovery of oil at Leduc, no municipal authorities were in existence, so that the provincial government carried all existing municipal functions as well as the provincial functions. In such event the burden of the extensive capital costs in the two cities (other than the portion charged as local improvements) would have fallen on the province, which has had access to the chief revenues resulting directly from the main cause of the expansion - oil and gas and derivative development. Instead, the chief revenues have accrued to the province, while the costs of provincial expansion have fallen disproportionately upon the two cities.

It is always difficult to treat different municipalities differently. Thus grants to urban authorities under the Municipal Assistance Act are paid on a per capita basis. In the same manner, provincial grants for various welfare services provide for the same percentage to all municipalities. But where the common yardstick of assessment poverty has been agreed on - as in certain education grants - special consideration has been available to those in greatest need.

The Commission has concluded from the evidence that the impact of oil and natural gas development in the province has fallen with special weight on the two cities, and that this condition will continue so long as the present high rate of population increase continues. It is upon these grounds that certain financial recommendations, involving special provincial assistance, are justified in this Chapter, and in Chapters 7 and 16.

(2) Highway grants.

Highway grants are given to municipalities for both construction and maintenance.

The construction grants to rural authorities for roads and bridges are on a systematic basis, so that the rural authorities are better able to plan their roads programmes and draw their budgets with reasonably reliable estimates of what the provincial contribution will be. They know that if assisted, the province will pay 75% of the cost of approved roads. (The total amount received by each rural authority is of course limited by the total amount bugetted for by the province).

With respect to road construction grants to urban municipalities one can almost say there is no system. Such grants - for both highways and bridges - are ad hoc and on a percentage basis, which in recent years has tended to be about 40 or 50%. But just which roads or bridges are covered by these grants is to a large extent a matter of bargaining. The complaint of the cities, as noted for instance in Calgary, is the lack of any clearcut formula in helping the cities with main highways and bridges, and this in turn makes long-range capital planning somewhat uncertain, since the amount forthcoming from the province cannot be precisely calculated or counted upon.

With regard to maintenance, the province is responsible for provincial highways, including those through towns and villages. In the cities, however, the province contributes only $500 per mile for the maintenance of highways which traverse the cities, an amount raised from $300 in 1952-53.

It is recommended:

First, that the province bear all of the cost, both construction and maintenance, of provincial highways through cities, on the same basis as now for towns and villages. If the cities wish, however, to build or maintain the highways up to more than provincial highway standards, the cities should pay

for the extra cost.

Second, that where bridges and approaches (or subways or overpasses) form an integral part of the provincial highways system through the cities, they be treated as in the preceding paragraph - that is they be paid for and maintained by the province, up to provincial highway standards; the cities to pay for extra costs.

Third, when by-pass roads and bridges are built they should be treated as above, (i.e., paid for by the province), and be regarded as alternate roads (not substitutes) for highways through the cities. In this case, since the by-pass or outside ring roads are by definition outside the cities they should become entirely the financial responsibility of the province.

The main justification of these recommendations, is that highways through the cities carry provincial and outside traffic. The costs of this wider-than-local service should not be borne by the locality, but by the senior government to which accrue the revenues from road use. (Directly, these are motor vehicle licences and gasoline tax). With steadily rising road traffic, everywhere the need for more and better roads is becoming more acute, and senior governments are becoming more concerned with the responsibility for what is largely a provincial and national service, comparable in many respects to the railway and aeroplane systems of Canada. (We are not speaking of purely or substantially local roads - a category which it becomes, however, harder and harder to identify.) In suggesting the principles which should govern road grants to the cities we realize that all details are not thereby settled. A problem of ownership of highways, for instance, requiring legislative action, may arise since the City Act differs on this point from other local government Acts. Again, there may arise questions with regard to the siting of by-pass roads, or to linking them up into a ring road system - with which the city, the province, the District Planning Commissions, and civil defence authorities will be vitally interested. (See also Chapter 5.) Or again, these recommendations have no reference to the total amount of road grants in any one year, or to its division between rural and urban authorities: these are matters of provincial budget policy and cannot be determined by the needs of the two cities alone (although these needs are a part of the total). Finally, although it is impossible to calculate (because of the variable factors involved) the amount the cities would receive under this recommendation, it is certain that it would be considerably more than at present. To that extent therefore some future relief would be afforded to city finances.

(3) Miscellaneous welfare grants

The proportions in which provinces and municipalities should bear the costs of many of the welfare services is a hardy perennial of dispute throughout Canada. The distribution of some of these costs between the Dominion and the provinces has also given rise to a wide divergence of opinion. Since these services have a considerable bearing on municipal finances, it will be useful to summarize the situation in Alberta, and indicate the distribution of the costs between the three levels of government.

TABLE 64

PRINCIPAL WELFARE SERVICES, & DISTRIBUTION OF COSTS, IN ALBERTA

	CLASSIFICATION	MONTHLY AMOUNT $	PROV. SHARE IN %	MUNIC. SHARE IN %
1.	Federal Old Age Pension to all over 70. Federal share - 100%, (no Means test) . . .	40.	nil	nil
	Supplementary Allowance (means test) . . .	15.	100	nil
	Medical and hospital treatment	-	100	nil
2.	Old Age Assistance, age 65-70; Federal share 50% (means test)	40.	50	nil
	Supplementary Allowance (means test) . . .	15.	100	nil
	Medical and hospital treatment	-	100	nil
3.	Blind persons' Pensions. Federal share 75%; (means test):	40.	25	nil
	Supplementary Allowance (means test) . . .	15.	100	nil
	Medical and hospital treatment:	-	100	nil
4.	Widows' Pensions, age 60-65; . . . . (means test):	40.	100	nil
	Medical and hospital treatment	-	100	nil
5.	Disabled Persons Act, Federal share 50%; (means test):	40.	50	nil
6.	Disabled Persons Pension. (means test): . .	40.	100	nil
7.	Mothers' Allowance. Paid if child or children to age 16, and to age 18 if attending school. (means test):	50.-145.	80	20
	Medical and Hospital treatment:	-	100	nil
8.	Indigent Relief, including unemployed, whether employable or not:		60	40
9.	Aged and infirm, including hospital cases:	-	60	40
10.	Child Welfare:	-	60	40
11.	Homes for aged and infirm:			
	(a) Maintenance:	-	60	40
	(b) Construction cost:	-	33-1/3	66-2/3

SOURCE: Exhibits and Commission records. NOTES. (1) Medical and hospital treatment includes optical treatment and supply of glasses; dental treatment also included but patient pays one-half cost of dentures. (2) Province may pay $10. monthly extra in needy cases for mothers' allowance, with no portion of such

extra shared by municipality. (3) The provincial share of construction cost of homes for aged and infirm is one-third of total or $7.50 per bed (whichever is the lesser), with each 250 square foot of floor space equivalent of one room. (4) Where supplementary allowance and free medical and hospital treatment is available following means test, the treatment is not provided unless applicant can qualify for supplementary allowance.

Alberta stands high among the provinces in respect to provision for general welfare services. Municipal costs are eased also in various ways not shown in the Table. Where the province bears the entire costs, it decreases the numbers falling within the indigent category, and so relieves the municipality of a share. In addition, special provincial legislation in respect to cancer treatment, poliomyelitis, mental cases, insulin for diabetics, maternity benefits, alcoholism, cerebral palsy, and arthritis, and the like, tend to reduce municipal expenditure among the indigent or needy groups.

Accounting in the two cities is not uniform, and departmental organization is also different, but certain comparisons may be made. In 1955 Calgary's Welfare Department and Children's Aid Department will spend a total of $464,000.less an estimated recoverable of $149,000., leaving a net expenditure of $315,000. This is equal to 1.26 mills in terms of the real property levy. Edmonton's estimates for the Welfare Department amount to $764,728, with $319,500. recoverable, leaving a net expenditure of $445,228. This amounts to 1.91 mills in terms of the property levy.

It is difficult for this Commission to deal with city-provincial relationships in welfare services because, generally speaking, the cities receive the same treatment as do other local authorities, and the Commission has had before it only representatives of the two metropolitan areas. However, the Commission is inclined to the view that the actual burden of welfare services falls heavier upon the two cities than upon other local authorities, for several reasons.

Firstly, much of the labour in the cities is subject to seasonal and other unemployment. The city is responsible for 40% of relief costs if the applicant has resided in the city for 12 months continuously out of the previous 24. Where liability cannot be established on any municipality, the province assumes 100% of the charges. The provinces think that the Dominion should bear the total relief costs for the employable unemployed, a view shared by this Commission. In the event of a widespread depression, such costs could be crippling for the cities. A depression is a national calamity, neither caused nor curable by local action, and the cities should not be expected to bear the

public relief costs (with the exception perhaps of the administrative costs). But pending the assumption of such costs by the Dominion, we recommend that the cities be relieved by the province of their present share of costs for the employable unemployed.

The other part of the problem of indigent relief concerns the unemployable who are more properly a local relief charge, and here we recommend no change in present arrangements.

Secondly, there is a tendency for other welfare groups to migrate to the larger centres where it is known that proper medical and hospital treatment will be available; while other urban amenities are also a drawing card. Further, city costs are higher in caring for the welfare groups by reason of higher rents and other costs. For that reason it is recommended that serious consideration be given to weighting some of the welfare grants in favour of large size, and thereby taking account of higher city costs, if this can be done without upsetting the present system of the provincial-municipal grant relationships. For example, where welfare costs are higher - say on a per case or per capita basis - the province could contribute a higher percentage (a kind of progressive or graduated principle, as found for instance in the personal income tax.)

(d) General conclusions on the grant system (excluding school and hospital grants.)

(1) A large share of the increased provincial revenues has found its way to the people through the cities (and other municipalities), in the great variety of municipal and school grants. One suspects that much of the criticism of the allegedly high property tax is made in the attitude "well, doesn't part of the large provincial revenues belong to the municipalities?".

(2) Provincial loans, supplementing the grants system, and whether to cities or school boards, have saved the local authorities a good deal in interest payments. The result is too that more and more of the municipal debt is held within the province, by the provincial government. The other result is that with easy credit available, municipal debt - especially in Edmonton and Calgary - is almost certainly higher than it would otherwise have been.

(3) The grant system is manifold and complex. Some of the grants have "just grown" and are what they are by the forces of history, inertia, expediency and negotiations. Others have been carefully designed to implement provincial policy, while all of them have helped the municipalities in greater or lesser degree.

The search for a systematic basis has often been for the type of formula that will help the authorities which the province has decided, beforehand, should be helped. This is inevitable, but almost any formula is better than none, in that it creates certainty and precludes discretionary action. The design of the formula, in some cases, however, means that the cities are not helped proportionately, in view of their special need factors, and their bearing so much of the burden of post-war expansion.

(4) There is a strong prima facie case for simplifying the formula in some cases, and in other cases revising it to give more recognition to the higher cost of government in the large cities, and in rapidly growing cities. One of the most important desiderata is that the grant system as a whole should be relatively simple; and grants should be regular and calculable, so that the cities (and other local authorities) should be able to estimate fairly closely, when preparing their budgets, how much they can count upon from grants.

(e) Grants and local government

It is a staple of after-dinner oratory to deplore the threat to local government by reason of the increase of provincial grants. The usual argument may be put thus. Local governments have certain functions which by "right" belong to them, and they should accordingly be given access to sources of revenue sufficient to discharge their functions. It is exactly analogous to the arguments so often used by the provinces in a federal state. But it is a misleading analogy, since provinces are allocated their powers by the constitution of Canada, whereas local authorities are not given their powers by the constitution, but by the province. They are creatures of the province and enjoy no independent rights. Local "sovereignty" is a legal, constitutional myth which ought to be exploded. And if there is no local autonomy, except that conferred by the province, then it becomes merely a matter of convenience, or common sense, what functions the province chooses to give to the local authorities, and what functions are reserved for provincial administration. In a similar way, it is a matter of convenience and provincial policy whether any given service is financed wholly by local taxes or partly by provincial grants. Hence no absolute or hard and fast line can be drawn to separate local services from provincial services, but the line will be drawn differently by different provinces at different times.

In saying this, we are fully aware of the values of local government in a democracy, and of the need to preserve and strengthen them. Attainment of these values does not necessarily require that the line between local and provincial services should always be where it was first set, or where it happens to be drawn today. It has changed and will change. Nor does it mean that the receipt of provincial grants has undermined local government in the province. Our local authorities, particularly the cities, carry on more services today than ever before, and by and large we believe they carry out their duties more efficiently and responsibly.

The maxim that "one government should not spend money raised by another" is sometimes used against the practice of provincial grants. But it should not stand in the way of a province assisting its municipalities, to whom the province has, in the first place, delegated some of its powers. Since there is not a three-fold division of powers in the Canadian constitution, but a two-fold division only - between Dominion and provinces - it is the province which is ultimately and constitutionally responsible for both municipal and provincial government.

The provinces do in fact usually call the tune, as with such expensive services as education, health, welfare and hospitals. Provincial minimum standards are laid down, and mandatory municipal services carried out by the local authority. It is only right and proper that the province should contribute to those services which it compels the municipalities to perform, and for which it lays down standards. We are therefore unable to share the fears of those who believe that the existing grants have harmed our local authorities, or that increased aid will do so, particularly if the grants are unconditional and the local authorities have wide discretion in spending them.

(4) A note on hospitals.

The briefs submitted by the city of Calgary raised, much more than in Edmonton, certain general questions in provincial-municipal finance. Among these was a survey of the financial aspects of hospital care in the province. Before noting the Calgary Hospital recommendations, something should be said on hospital and health grants.

The province provides grants for hospitalization, for hospital construction, and for the public health service, as well as for hospital care of certain kinds under welfare legislation. These may be summarized as follows:

(a) The hospital construction grants are connected with the federal grants by which the province matches the Dominion contribution for construction. The amount of such hospital construction grants in 1954-55 was nil to Calgary

and $116,625 to Edmonton, and for 1955-56 an estimated $25,000 to each of the cities. If no construction takes place, naturally there is no grant received.

(b) The provincial grants to Health Units, instituted in 1950, are designed chiefly for the health units in rural areas, and do not apply to a city in excess of 50,000. The Health Unit Act does provide, however, that such cities receive grants not exceeding 60% of the approved salaries and certain other costs, of those members of the city public health staff designated in the Act. The grants to Edmonton and Calgary may therefore be regarded as the city equivalent of the Health Unit grants to rural areas. The amounts received were as follows:

	1954-55	1955-56 (Est.)
Edmonton . . .	$33,000	$33,000
Calgary . . .	27,000	27,000

(c) The province pays a grant of up to $300 for each nurse trained in and graduated from approved schools of nursing.

(d) The province re-imburses municipalities for 60% of the maintenance, medical advice to, and hospitalization of indigents and wards of the government resident in the municipality. The amounts are substantial, in 1954-55 being $700,000 for Edmonton and $250,000 for Calgary; in 1955-56, $750,000 and $300,000 respectively. (1955 Budget figures.) These come under the Public Welfare Assistance Act.

The other public health and welfare payments to the two cities are even more substantial, amounting to $1,285,000 in Edmonton, and $797,000 for Calgary in 1954-55; and an estimated $1,550,000 and $1,000,000 in the following year. These grants do not of course include certain services which the province furnishes directly to the recipient, such as free diagnostic service and certain treatment for cancer.

(e) Hospitalization grants proper.

These amounts are estimated as follows:

	1954-55	1954-56
Edmonton . .	$1,158,000	$1,600,000
Calgary . .	594,500	850,000

The beginnings of the hospital care system in Alberta go back many years. The per diem grant to hospitals began in 1906, and in 1918 rural hospital districts were authorized, which if organized could draw their income from the mill rate, from provincial grants, from a charge to the patient of up to $1 a day and from other sources. The scheme was amended and greatly enlarged in 1950, and later years.

The province has gone far in encouraging city and provincial spending on behalf of the citizens hospital requirements. Broadly speaking hospital care in Alberta is a provincial-municipal partnership, supplementing a citizens' hospital insurance scheme. The provincial funds are provided from general revenue, the municipal funds from a special hospital mill rate (or, from tenants, a contract fee). The resident pays the hospital mill rate if he is an owner, or an annual fee if he is a contracting tenant. When he is a patient, the individual also pays $2 a day for his hospital care, the municipality picking up the rest of the bill and receiving grants from the province to assist (since 1955) in meeting 60% of the costs of the municipal outlay. The province also pays $1 per patient day to all approved hospitals, (revised upward from 70 cents in 1955). The patient also pays for "extras", on a sliding scale, depending on the class of hospital. The extras today are usually special drugs, radium and certain injections. The patient is, of course, covered for standard hospital ward rates only.

Municipalities (or hospital districts, if they are formed) which have no hospitals of their own may make agreements with approved hospitals in order to secure hospital service for their ratepayers or contract holders. The approved hospitals are divided into five categories, A to E, depending on the facilities which they offer, and for each category a "standard ward rate" is set. The rates have been revised upward in recent years as hospital costs have risen.

A variety of criticisms have been made of the hospitalization scheme, on behalf of hospitals, civic authorities, ratepayers and contract holders. Some of them are important, and others are not. Some of them are already out-of-date. Hospitalization schemes in Canada appear to be in a state of flux, and this Commission has given the subject no prolonged investigation. In any case, any substantial recommendations would almost certainly have wider-than-city application. For these reasons no recommendation is made.

Hospital costs are certainly a substantial fraction of city expenditures as the following figures show:

HOSPITAL COSTS, EDMONTON & CALGARY, 1954-55

	1954	1955
Edmonton	$ 853,141	$1,015,783
Calgary	1,368,485	1,444,215

NOTE: These figures include more than the hospital mill rate, on behalf of the $2 a day scheme. The other inclusions are hospital deficits, depreciation grants, and grants to hospitals for care of indigents (in Calgary), and to the hospital board (in Edmonton).

For Calgary, the hospital charge to the mill rate was 2.85 in 1952, 6.6 mills in 1954, and 5.77 mills in 1955. For Edmonton, the rate for the same years was 1 mill, 2.65 mills, and 2.71 mills respectively. But the relief to the mill rate is only one facet of the financing which would be involved in any alternative hospitalization scheme, and may well not be the most important aspect.

A brief presented on behalf of the Calgary Hospitals Board raised a question of "principle" however, on which a short comment may be made. The brief argued - and in this was supported by other Calgary witnesses - that hospital services should not be a charge against property, but should be supported in other ways, preferably in a province-wide scheme. It is part of the more general question whether education and certain other personal services should also be charged to the mill rate. To this there is no final answer and practice will vary as the public may demand. In some provinces and countries hospital care is financed on a provincial or even national basis, and it may well be that the trend is in the same direction in Canada.

CHAPTER 7. SCHOOL FINANCES IN THE TWO CITIES.

CHAPTER 7. SCHOOL FINANCES IN THE TWO CITIES.

Outline of Chapter Contents

1. The school system in the two cities.

2. The Edmonton schools.
   - (a) Enrolment and forecasts
   - (b) Debt and capital expenditures
   - (c) Construction grants
   - (d) School board revenue and expenditures
   - (e) School costs in the metropolitan area
   - (f) Education of "non-resident" children
   - (g) The separate schools

3. The Calgary schools.
   - (a) Enrolment and forecasts
   - (b) Debt and capital expenditures
   - (c) Revenues and expenditures
   - (d) Costs per pupil
   - (e) The "non-resident" children

4. Common problems
   - (a) The question of unequal "standards"
   - (b) Building costs
   - (c) School costs and the assessment base
   - (d) Provincial aid for schools
     - (i) Operational grants
     - (ii) Construction grants (& loans)
     - (iii) The new order of 1955
   - (e) Conclusions and recommendations

CHAPTER 7 - SCHOOL FINANCES IN THE TWO CITIES.

The financial aspects of schools in the fringe communities have been treated briefly in Chapter 3. This present chapter will discuss the finances of school in the cities, together with some of the common problems of education in the two areas, as these have been raised in evidence before the Commission.

1. The school system in the two cities.

Each of the cities has a public school board and a Roman Catholic separate school board. It is unnecessary to outline the history of this system in Alberta. The province has exclusive jurisdiction over elementary and secondary education, with safeguards regarding denominational schools having been carried over from the North West Territories Act and being incorporated in the Alberta Act 1905, and in the various school Acts since then. The School Act, 1952 is the governing statute today.

Annual elections are held to fill vacancies on the school boards. Trustees are elected for a two year term, and a proportion retires each year. In this respect the system is like that for the city councils. Those entitled to vote for the separate school board are distinguished on the voter's list by the letters "S.S." opposite their names. Others may vote for the public school board. Each voter may thus vote for one board or the other, but not for both. Each board receives its pro rata share of the tax funds collected by means of the school mill rate, levied on the school assessment. The school boards do not actually levy and collect a tax themselves, but after taking provincial grants into account, requisition the city councils for the further amount they require to operate the schools. The city councils then set the school mill rate necessary to collect the amount of the requisition, and collects the tax. The school mill rate is listed separately from the rest of the municipal mill rate on the tax bills to the property owner.

The system by which schools are operated by an independently elected school board and not by municipal councils, is deeply imbedded in the Canadian and United States historical tradition, and remains today the dominant, though by no means universal, pattern. It is not however, the system in Britain, and Alberta itself has broken new ground with the County Act, by which the county council is responsible for schools and other municipal affairs.

The requisitioning method has often been criticised, on the ground that it tends to encourage extravagance by the school boards which have no responsibility for raising the taxes to finance their expenditures. But when the dust of argument has settled, there is little left to show that school boards have been more extravagant than municipal councils would have been. As the province accumulates more experience with the counties, however, it will, in time, be possible to make more reliable comparisons between this and the more traditional method of school administration.

2. The Edmonton schools.

(a) Enrolment and forecasts.

Since Edmonton is a rapidly growing city, with an unusually high proportion of children in its population, we should expect the city growth to be reflected and magnified in the school enrolment. The figures fully confirm the rapid growth of school enrolment, as the following table shows. The school population has doubled since 1946, but the total city population increase has been only 82%.

TABLE 1

ENROLMENT IN EDMONTON SCHOOLS, 1946-1955.

YEAR	PUBLIC	SEPARATE	TOTAL
1946	15,955	3,736	19,691
1948	16,451	4,077	20,528
1950	18,907	4,551	23,458
1952	21,841	5,164	27,005
1954	26,411	6,324	32,735
1955	29,058	7,130	36,188
1955(Sept.)	30,749	7,713	38,462

SOURCE: Compiled from Annual Reports, Department of Education. Enrolment figures for the school year - e.g., 1954 figures are for the school year 1953-54.

There is every reason to expect a continuing increase in enrolment, for two reasons:

First, the number of resident births has gone up very much in the last eight years, the estimated figure for 1954, at 7,000 is more than double the number of 3,431 in 1946, and the school population is thus likely to increase sharply, providing these children remain in Edmonton. (See also Chapter 2). Since there are many more children in the very young age groups, both pre-school and in the elementary schools, the pressure of space and costs is likely to be felt acutely at the secondary school level in the near future, even more

than it is now.

The second reason is of course, the continuing migration into the city, which although somewhat less this year than last year is still high, and there is not much reason to suppose it will suddenly cease.

The public school board has made forecasts of its future enrolment, always a necessary procedure if there is to be any worthwhile planning for capital expenditures, for teacher recruitment, etc. The estimates are of course subject to the qualification that other things, particularly economic conditions, remain roughly the same. The school board has assumed that Edmonton will continu to grow for the next few years to give future enrolments as follows.

TABLE 2

FORECASTS OF SCHOOL ENROLMENT
EDMONTON, 1955-59.

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL	TOTAL
1955	31,000	7,800	38,800
1956	33,410	8,350	41,760
1957	36,085	9,020	45,105
1958	38,935	9,730	48,665
1959	42,300	10,570	52,870

SOURCE: Exhibits for public school board with Commission estimates for the separate schools. Another estimate is that in 10 years there will be 3 pupils for every 2 in 1955.

(b) Debt and Capital Expenditures.

The increasing enrolment of recent years has been reflected in increasing expenditures, both of a capital and operating nature. That part of the capital expenditures due to school board borrowing, is shown in the debt figures below.

TABLE 3

SCHOOL BOARD DEBT
EDMONTON, 1946-1955.

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL	TOTAL SCHOOL DEBT	PER CAPITA SCHOOL DEBT
1946	$ 3,117,000	$ 529,000	$ 3,646,000	$ 32.23
1948	3,390,000	575,000	3,965,000	31.32
1950	7,840,000	956,500	8,796,500	59.09
1952	10,606,286	1,970,500	12,576,786	74.33
1954	13,163,380	3,943,370	17,106,750	86.47
1955	15,060,417	4,218,370	19,278,787	92.08

SOURCE: Exhibits and school board data.

The debt is bound to increase over the next few years, as the building programme continues, to cope with increasing enrolment. During the hearings, the Public School board spokesmen estimated that for the five years beginning with 1955 the capital programme would need $16 million for school buildings. But more recently, the public school superintendent is of the opinion that the board expects to spend some $20 million on total capital outlay over the next 5 years, or almost the amount spent in the last 10 years, and most of it will have to be borrowed.

The chief sources of capital funds have been provincial grants for construction purposes, and debenture borrowing, with borrowing by far the chief source. Borrowing in turn has been from two sources - the sale of debentures on the open market, and in more recent years their sale to the provincial government. The provincial government's policy of taking up school and municipal debentures was outlined thus in the Budget Speech of 1955: "The provision for low-interest loans to Municipalities and School Districts and Divisions, should make it unnecessary for these local governments to go outside the province for any capital requirements and will result in substantial interest savings to our taxpayers." The proportion of the Edmonton school debt - like the city debt - which is held by the provincial government will thus increase. The sale of the school debentures for 1954 and 1955 was as follows:

TABLE 4

DISPOSAL OF SCHOOL DEBENTURES, EDMONTON, 1954-55.

	PUBLIC SCHOOL BOARD		SEPARATE SCHOOL BOARD	
YEAR	ISSUED TO PUBLIC	ISSUED TO PROVINCE	ISSUED TO PUBLIC	ISSUED TO PROVINCE
1954	$1,020,000	$1,120,000	$705,000	$789,900
1955	940,000	1,808,000	N I L	275,000

SOURCE: School board data.

The city school board borrowing from the province was thus nearly $2 million in 1954 and slightly more for 1955. Being able to borrow from the province is of considerable assistance to the school boards, for instance, the interest rate is lower, resulting in considerable annual savings. In 1953, bonds were sold on the open market at an average interest rate of 4.64%, but to the provincial government at 3½%. The average interest rate on the total outstanding debt was

3.4%. Since 1950 school board bonds are guaranteed by the province; which also bought any bonds not taken up at 5% by the market. The 5% interest rate was thus a ceiling on interest on school debt.

(c) CONSTRUCTION GRANTS

The bases on which construction grants are awarded is described later in this Chapter. They are towards building costs only. Since 1947, provincial grants for construction were said in evidence to have amounted to about 20% each year of the total construction costs. The estimated construction grant for 1955-56 is $1.3 million; in 1954 it was $1.25 million. (Budget Speech, 1955.)

The practice in paying the grants is that one-half of the amount is paid when the contract is let, and the rest when the contract is completed. A year's building programme would normally not be completed in a calendar year. Thus it is not possible to see, in the financial statements for any one year, all of the grants that will be paid on behalf of that year's building programme. The school estimates can however give us a reliable idea of the amounts involved. Thus, the Edmonton public school board programme for 1955 envisages capital expenditure and grants as follows - for additions to 10 existing schools, and new schools, and several "portables":

Estimated construction grants receivable	$1,362,214
Total estimated costs	$6,176,200
Total building costs eligible for grants	$5,328,351

On the other hand the capital grants actually paid are given as follows:

TABLE 5
CAPITAL GRANTS
EDMONTON SCHOOL BOARDS, 1950-55

	PUBLIC SCHOOL	SEPARATE SCHOOL
1950	360,000	30,000
1952	322,375	105,812
1954	572,851	369,965
1955	891,590	174,447

SOURCE: Department of Education. Since the figures in Table 5, and those mentioned earlier, are on a different basis, they are not comparable.

The strain on schools, by reason of the city growth, may be documented in other ways than by pointing to debt or capital expenditure figures.

For example, in 1953, 73 classes were said to be on double, and in some cases triple shifts; and in 1954, 31 classes were still on a shift basis. But the building programme is expected soon to make the shift basis a thing of the past. (This evidence may have been too optimistic, to judge from late 1955 reports, although 1955 is somewhat easier than the year before.)

The number of teachers in 1953 was 821, with an average enrolment of 32-35 pupils per teacher; in 1954 there were 950 teachers, and in 1955, about 1050.

There are still, of course, some poor and small school buildings in the city, but the building programme of recent years has been enormous. Some 25 new buildings were erected from 1947 to 1954, and 13 schools and additions, with 133 classrooms, have been built or are building since September, 1954. (The building programme for 1956 is expected to be over $8 million.)

(d) SCHOOL BOARD REVENUE

Most of the money for operating the city schools comes of course, from the mill rate levied by the council. The school assessment is divided between the public and separate schools, but the total is somewhat less than the total municipal taxable assessment. The difference is accounted for by the assessment of the city-owned utilities ($10.5 million) which is not taxable for school purposes. Nor do the school boards get a share of the business tax, or of miscellaneous city revenue, or of the surplus transferred from the utilities each year. That is, they receive only the mill rate yield on the school assessment, a state of affairs about which school boards sometimes complain. It is difficult, however, to see the force of such complaints, since providing the requisition is met, the school boards presumably receive enough money for their purposes, no matter what the source from which the city may collect it.

Looked at from the point of view of the city, the school requisition accounted for much more than half the total mill rate in the past, and even today is slightly more than half. Expressed in another way, education is the largest single expense of the city, in that it is the largest single charge on the mill rate.

The following table shows the school mill rate and the total mill rate.

TABLE 6
TOTAL AND SCHOOL MILL RATES
EDMONTON, 1946-55

YEAR	SCHOOL MILL RATE	TOTAL MILL RATE
1946	29.00	49.50
1948	29.00	49.50
1950	31.00	49.50
1952	29.18	52.50
1954	31.65	53.00
1955	24.5	48.

NOTE: The new tax reduction subsidy of 1955 is responsible for most of the reduction in 1955, although the higher assessment no doubt helped.

The only other substantial source of school board revenue is from provincial operating grants. Table 6 below shows the sources of revenue of the public school board, in absolute figures and by percentages.

TABLE 7
REVENUE OF PUBLIC SCHOOL BOARD, BY SOURCES
EDMONTON, 1946-55

YEAR	TAX LEVY (REQUISITION)	%	OPERATING GRANTS	%	MISCELLANEOUS	%	TOTAL REVENUE
1946	1,694,329	92.0	116,102	6.3	31,563	1.7	1,841,995
1948	2,008,100	87.9	243,374	10.6	34,030	1.5	2,285,504
1950	2,959,014	87.7	358,570	10.6	57,965	1.7	3,375,549
1952	4,119,178	87.8	483,773	10.3	87,706	1.9	4,690,657
1954	4,990,469	82.1	985,564	16.2	101,127	1.7	6,077,160
1955	4,546,119	64.4	2,425,965	34.4	87,000	1.2	7,059,084

SOURCE: Financial statements, and school board budget.
Note that capital revenue, whether derived from construction grants on debenture funds, is not included. The table shows operating revenue only. The city of Edmonton each year publishes the financial statements of the school boards along with the city financial statements. The city of Calgary does not do so. The Edmonton practice is a great convenience, and might well be adopted in Calgary.

Several points are plain from Table 7. The dominant one is the increasing share of school board revenue which comes from the provincial government. With the introduction of the Tax Reduction Subsidy in 1955 nearly every previous generalisation about school grants to the cities has become out of date. The total from grants is now more than a third of the board's operating revenue, having increased from 6.3% in 1946 to 34.4% in 1955. Education is becoming less and less a purely locally-financed service. (The separate schools in the area draw a somewhat higher proportion of their revenue from grants than the public schools. (See also Table 13, Chapter 4.)

In 1954 the mill rate was 31.65 mills, but in order to qualify for the Tax Reduction Subsidy the rate had to be reduced to not more than 25 mills. In fact, the rate could be reduced to 24.5, a reduction of 7.15. Put in another way, the expenditures of the board were up by $1 million in 1955, yet the tax levy in Edmonton was reduced. The new grant alone is $1.16 million, which more than took care of the higher expenditures, while in addition the ordinary operation grants were increased, so that we have:

Increased expenditures 1955	$1,006,321
Increase in grants:	
(i) New Tax Reduction Subsidy 1955	1,160,692
(ii) Increase in ordinary operating grants ...	279,709
TOTAL INCREASED GRANTS	$1,440,401

The following table shows the chief categories of expenditures, of the public school board - in absolute figures and by percentages.

TABLE 8
EXPENDITURES BY CATEGORIES
EDMONTON PUBLIC SCHOOL BOARD
1946-55

YEAR	FINANCIAL CHARGES	%	INSTRUCTIONAL EXPENSE	%	OPERATION & MAINTENANCE OF BLDGS.	%	ALL OTHER EXPENSES	%	TOTAL
1946	207,155	11.8	1,083,511	61.8	266,635	15.2	195,613	11.2	1,752,914
1948	209,700	9.2	1,524,437	66.8	356,173	15.6	192,044	8.4	2,282,354
1950	512,783	15.8	1,936,254	59.7	543,295	16.7	253,537	7.8	3,245,869
1952	881,378	19.4	2,735,869	60.2	642,872	14.1	284,910	6.3	4,545,029
1954	1,147,676	19.0	3,637,631	60.1	899,640	14.9	367,816	6.0	6,052,263
1955	1,298,875	18.4	4,251,534	60.2	1,061,598	15.0	447,077	6.4	7,059,084

SOURCE: Financial statements and budget for 1955.

The largest portion of the expenditures is, as might be expected, for teachers' salaries, which accounted for 60% of the total in 1955. In 1947 and 1948 they accounted for somewhat more. The proportion has fallen slightly since 1948, not because salaries have gone down - on the contrary, they have gone up - but because debt charges have grown to absorb an increasing share of the annual expenditures, from 9.2% in 1947 to 18.4% in 1955. Debt charges are six times their amount in 1948, whereas salary and other expenditures are less than three times. In short, as with the cities, the chief effect of the post-war growth is in the capital expansion which has been required and has taken place.

It is instructive to note the percentage of school requisitions to total municipal expenditures within the metropolitan area, and how closely alike the percentages are, with the new 1955 grants.

TABLE 9

SCHOOL REQUISITIONS AS A PERCENTAGE OF TOTAL MUNICIPAL EXPENDITURE FOR EDMONTON, JASPER PLACE AND BEVERLY, 1946-55.

YEAR	EDMONTON	JASPER PLACE	BEVERLY
1946	32.19	-	-
1948	32.54	-	40.53
1950	35.27	37.86	41.51
1952	33.39	43.53	42.23
1954	31.33	42.0	34.65
1955	27.49	25.48	27.65

SOURCE: Table 11, Chapter 4.

The following table presents, on a per pupil basis, the revenues received by the school board from local taxes and from provincial grants, together with total per pupil costs (i.e., expenditures).

TABLE 10

GRANTS & TAXES (REQUISITION) PER PUPIL
PUBLIC SCHOOL BOARD, EDMONTON, 1946-55

YEAR	NUMBER OF PUPILS	REQUISITION PER PUPIL	OPERATION GRANTS PER PUPIL	TOTAL EXPEND. PER PUPIL
1946	15,955	106.19	7.28	109.87
1948	16,451	122.07	14.79	138.74
1950	18,907	156.50	18.97	171.68
1952	21,841	188.60	22.15	208.10
1954	26,411	188.95	37.31	229.18
1955	(29,058 (June)	156.45	83.49	242.93
	(30,749 (Sept.)	147.85	78.90	229.57

SOURCE: Tables 1 and 6.

(e) School costs in the metropolitan area.

The following figures on school costs were put in evidence. (Exhibit 89E)

TABLE 11

PER PUPIL COSTS - EDMONTON AREA - 1953

	EDMONTON PUBLIC	EDMONTON SEPARATE	JASPER PLACE PUBLIC	BEVERLY
Number of Pupils	23,925	6,112	2,318	729
TOTAL PER PUPIL COST	$216	$157	$131	$105

Several cautions are necessary in interpreting such per pupil figures. There are several reasons why more is spent per pupil in Edmonton than in the fringe communities. The city standards of school buildings are generally higher, (e.g., brick is often used instead of frame and stucco), and the same is true of equipment; the city schedules for teachers' (and other) salaries are slightly higher; a greater variety of courses is offered in the city (e.g., shop and specialized training); there are more high schools in the city (i.e., education is offered at a higher level); some students from outside (notably Beverly) attend in city schools at a net loss to the city, because the tuition fees paid do not cover full costs; it is possible that a somewhat higher proportion of city pupils attend high school, and high school costs are in general higher than for those in the elementary grades. Students from outside, (e.g., from Beverly), are mostly high school students; the city school boards operate classes and schools of a specialized kind (e.g., for handicapped children), and this kind of education is much more expensive per pupil.

One could perhaps also say that the city spends more per pupil because it can afford to do so, its assessment base is broader, and not confined so narrowly to the residential assessment as in the fringes. The more generous provincial grants to fringe schools are not enough to make up the difference to the Edmonton level of expenditures. (To that extent therefore, the percentages in Table 8 could be misleading, and must not be read as giving any impression that school expenditures per pupil are equal in the fringe towns and in the city).

The following table shows the per pupil costs (i.e., expenditures) by the public school board in recent years. The table demonstrates clearly the increased per pupil costs in recent years, as well as that secondary education is more expensive than primary.

TABLE 12

PER PUPIL COSTS, BY GRADES
EDMONTON PUBLIC SCHOOL BOARD, 1948-55

YEAR	ELEMENTARY	JUNIOR HIGH	SENIOR HIGH	AVERAGE
1948	$121.42	$166.21	$181.76	$141.36
1950	145.13	180.10	288.42	174.31
1952	178.71	223.97	332.01	209.39
1954	—	—	—	231.98
1955	—	—	—	236.25

SOURCE: Exhibits, and earlier tables.

The increasing per pupil expenditures can be accounted for, to a considerable extent, by the rising price level, which has raised building and other costs, and salaries of teachers and other employees; although other factors also enter in, such as the rising debt charges and the increasing shop, athletic and social facilities which are being provided.

(f) Education of non-resident children.

Pupils come to Edmonton schools from outside the city. This is particularly true of the fringe community which lacks a high school, as in Beverly where there is no accommodation for pupils beyond Grade IX. For these outside or non-resident pupils maximum fees are set in accordance with the School Act, Part XI. The fees do not in practice cover the whole costs, and to that extent the city school boards are helping the fringe communities. Nor should it be forgotten that pupils from outside the city also attend certain private schools in Edmonton at the fees set in accordance with the School Act.

The public school board has a formal arrangement with the Beverly board by which some 36 junior high, and 57 senior high students from Beverly attended Edmonton schools in 1954. A considerable number of other non-resident students are accommodated in the Edmonton city schools on payment of the required fees.

The scale of fees is compared below with actual costs, as given in evidence by the public school board.

TABLE 13

	FEES TO NON-RESIDENT PUPILS (when the parent pays)	1953 COSTS	BEVERLY ARRANGEMENT (when the school board pays)
Elementary	$ 50	$180.75	$ 135
Junior High	60	225.54	150
Senior High	175	383.97	175

Very few pupils from the M.D. of Strathcona attend schools in the city. But there is an agreement in force with the Clover Bar School Division whereby accommodation and tuition for approximately 30 pupils are provided in the "Braemar" school building by the city public school board, which rents the building.

(g) The separate schools.

The only separate school boards in the Edmonton metropolitan area are those in the city itself and since 1953, in the town of Jasper Place. A separate school district is in process of organization in Beverly.

There are of course, some statistical as well as other differences between the separate and public schools. For instance, the cost per pupil, is lower in the separate schools, which is said to be largely due to the employment of members of religious orders as teachers. (In 1953, the public school per pupil salary cost was $121.82 as against $77.86 in the separate schools). A somewhat smaller percentage of the operating expenditures goes to salaries. The debt charges per pupil are however very little lower. The percentage of revenue derived from grants is slightly higher than for the public schools - being 19% in 1954, but 36.67% in 1955, as compared with 16% and 34.4% for the public schools. Broadly speaking, the financial problems are the same as for the public schools - the chief being the raising of capital funds for expansion.

The separate schools also teach non-resident pupils. In 1954 there were 72 pupils from outside the city, of whom 8 came from Beverly, but none is under formal agreements. The rates charged are $50, $60 and $125, depending on the level of instruction, in accordance with the School Act.

3. CALGARY SCHOOLS

(a) Enrolment and forecasts.

The school system in Calgary is basically the same as in Edmonton, except that the Calgary area as yet contains no separate school board in the fringe communities. It is thus unnecessary to describe the system again.

The same problems, too, have agitated the Calgary school boards in the last decade; problems of capital funds and increased operating costs in order to cope with the rising flood of pupils that have overflowed the capacity of the old school plant.

The Calgary public school board has an agreement with the Department of National Defence, by which the Department builds the school in the Currie Barracks area, and the board staffs and operates it, and sends the bill for operating costs to the Department. The school in question has a staff of 23, with 690 pupils (1954), or 30 per room, which is lower than the city average, and largely dictated by the extra difficulty of teaching with a constantly changing corpus of pupils. (A similar arrangement is in force in the Edmonton area).

The following table shows the increasing enrolment in Calgary schools.

TABLE 14

ENROLMENT IN CALGARY SCHOOLS
1946 - 1955

YEAR	PUBLIC	SEPARATE	TOTAL
1946	14,196	1,783	15,979
1948	14,790	1,802	16,592
1950	16,373	1,939	18,312
1952	18,700	2,254	20,954
1954	22,882	2,927	25,809
1955(June)	24,151	3,293	27,444
1955(Sept.)	25,431	3,614	29,045

SOURCE: Compiled from Annual Reports. Enrolment figures for 1954, for instance, are for the school year 1953-54.

The following table shows estimates put in evidence of future enrolments. It was obtained by projecting forward the number of children already born and living in Calgary. No allowance is made for an influx of population, and hence the figures may thus err on the conservative side.

TABLE 15

FORECAST OF CALGARY SCHOOL ENROLMENT, 1955-59

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL	TOTAL
1955	25,044	3,586	28,630
1956	26,949	3,920	30,869
1957	29,401	4,317	33,718
1958	32,067	4,766	36,833
1959	34,427	5,250	39,677

SOURCE: Exhibits. The separate school figures are arrived at by taking 15% of the births from 1949 to 1953 inclusive, 15% being the approximate R.C. population of Calgary at the 1951 census.

(b) Debt and capital expenditures

The school debt of Calgary has grown as follows in recent years:

TABLE 16

SCHOOL BOARD DEBT, CALGARY
1946-1955

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL	TOTAL SCHOOL DEBT	PER CAPITA SCHOOL DEBT
1946	$ 1,224,450	$ 107,250	$ 1,331,700	$ 13.31
1948	2,332,383	88,250	2,420,633	23.11
1950	2,505,316	216,000	2,721,316	22.50
1952	4,459,785	463,700	4,923,485	35.60
1954	6,505,093	1,542,900	8,047,993	51.34
1955	7,911,812	1,870,010	9,781,822	57.94

SOURCE: Department of Education and school board date.

It will be observed that the per capita school debt is less than in Edmonton - being $57.94 in Calgary as against $92.08 in Edmonton. As with city debt, Calgary started at a much lower level of school debt in 1946. Edmonton also has a somewhat higher proportion of children. The really large expansion of separate school debt appeared only after 1952.

It was estimated by witnesses that to accommodate an additional 13,326 pupils in the public schools from 1953-59 (the approximate forecast) would necessitate the building of approximately 370 classrooms, together with auxiliary space for shelter rooms, gymnasiums, medical inspection rooms, etc. Up to the present, the increase has been felt chiefly in the elementary grades, but the crest of the wave is now reaching the high schools. The number of rooms required for each of the three divisions of the public school system from 1953 onwards to 1959 is estimated below, together with a total figure for the separate schools.

TABLE 17

ADDITIONAL CLASSROOMS REQUIRED,
CALGARY, 1953 - 1959

DIVISION	PUBLIC SCHOOLS ADDITIONAL PUPILS	PUBLIC SCHOOLS ADDITIONAL ROOMS	SEPARATE SCHOOLS ADDITIONAL PUPILS	SEPARATE SCHOOLS ADDITIONAL ROOMS
Elementary	8,134	226		
Junior High	3,373	94		
Senior High	1,819	50		
TOTAL	13,326	370	2,069	112

SOURCE: Exhibits.

Compared with the public school on a pupil per room ratio, the estimate for the separate school pupils is high, but this may be explained, at least partly, by the fact that old unsuitable buildings are being eliminated and over-building is sometimes economical in the long run, as new areas are being developed. (The comparison may be made with an industrial plant operating for

the first few years at less than full capacity.) On the whole the public school figures however, are too low in terms of classrooms required, to judge by the experience of 1954 and 1955.

Based upon the experience of the last five years, estimates were made of the capital expenditure required:-

TABLE 18

ESTIMATE OF CAPITAL REQUIRED FOR ADDITIONAL ROOMS
CALGARY, 1953 - 59

YEAR	PUBLIC SCHOOLS AMOUNT REQUIRED	PUBLIC SCHOOLS ESTIMATED GRANT	SEPARATE SCHOOLS AMOUNT REQUIRED	SEPARATE SCHOOLS ESTIMATED GRANT
1953	$ 580,000	$ 145,000	$	$
1954	1,120,000	184,000	1,517,000	378,323
1955	1,800,000	356,000	2,060,200	370,836
1956	2,400,000	448,000	325,000	78,000
1957	2,400,000	448,000	- -	- -
1958	2,600,000	508,000	- -	- -
1959	- -	- -	840,000	201,600

SOURCE: Exhibits.

The school debt, according to the evidence presented, is expected to grow as set forth in the table below.

TABLE 19

FORECAST OF SCHOOL DEBT
CALGARY, 1956 - 59

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL	TOTAL
1956	$ 9,228,421	$ 3,266,070	$12,494,491
1957	11,827,080	3,059,920	14,887,000
1958	12,974,821	2,853,770	15,828,501
1959	....	3,487,620	....

SOURCE: Exhibits.

As with the Edmonton schools, the main sources of capital funds have been debenture borrowing and provincial construction grants. Of the total public school debt in 1955, some 56% was held by the public and 44% by the province. The disposal of the new school debentures issued in the last two years was as follows:

TABLE 20

SALE OF DEBENTURES, CALGARY SCHOOL BOARDS
1954-55

YEAR	PUBLIC SCHOOL ISSUED TO PUBLIC	PUBLIC SCHOOL ISSUED TO PROV.	SEPARATE SCHOOL ISSUED TO PUBLIC	SEPARATE SCHOOL ISSUED TO PROV.
1954	$ 406,250	$ 342,000	$ 339,000	$ 386,800
1955	NIL	1,861,600	NIL	414,000

SOURCE: School board data.

The city school borrowing from the province is estimated at $1.5 million in 1954-55, and at $2.5 million in 1955-56. Construction grants are estimated at $1 million for each of those two years. (Budget Speech, 1955)

The Calgary public school board capital programme for 1955 covers 4 additions to existing schools, and 7 new schools, to cost as follows:

Total estimated costs	$3,674,000
Building costs eligible for construction grants	3,286,823
Total estimated construction grants	1,147,702

On the other hand the capital grants actually received by the school boards are shown in the table below:

TABLE 21

CAPITAL GRANTS
CALGARY SCHOOL BOARDS, 1950-1955

YEAR	PUBLIC SCHOOL	SEPARATE SCHOOL
1950	$ 26,250	NIL
1952	248,160	9,250
1954	475,164	139,250
1955	459,787	238,423

SOURCE: Department of Education. The figures in Table 21, and those given earlier, are on a different basis.

(c) Revenues and expenditures

The school mill rate, until recently, was roughly the same as in Edmonton, forming about half of the total mill rate. But in the last two years the Calgary rate has been reduced greatly. In 1954 the reduction was due to reassessment, in 1955 the Tax Reduction Subsidy for schools chiefly accounted for the lowering of the rate. The combined effect is to make the school mill rate less than a third of the total mill rate.

The whole cost of education to the city is not revealed in the mill rate, since in Calgary the school boards are given sites at the nominal figure of $1 (unlike the practice in Edmonton where the site enters in the capital costs of schools, and so into the debt charges and so into the requisition and so ultimately into the mill rate.) In both cities, of course,- as elsewhere in the province and the country - the school board property is exempt from taxes and to that extent the full costs of education to the local taxpayers are not shown in any of the statistics.

TABLE 22

TOTAL AND SCHOOL MILL RATE
CALGARY

YEAR	SCHOOL MILL RATE	TOTAL MILL RATE
1946	26.12	46
1948	29.80	54
1950	29.75	58.50
1952	26.69	59.25
1954	19.01	48
1955	13.14	41

The following table shows the chief sources of school board revenue.

TABLE 23

REVENUE OF CALGARY PUBLIC SCHOOL BOARD
BY SOURCES - 1947 to 1955

YEAR	TAX LEVY (requisition)	%	GRANTS	%	MISCELLANEOUS	%	TOTAL REVENUE
1947	1,685,000	88.3	184,852	9.7	39,046	2.0	1,908,898
1948	1,852,000	86.5	224,654	10.5	65,154	3.0	2,141,808
1950	2,112,000	83.3	329,400	13.0	94,792	3.7	2,536,192
1952	2,880,700	84.4	413,418	12.1	119,516	3.5	3,413,634
1954	3,610,900	77.0	853,470	18.2	224,446	4.8	4,688,816
1955	2,929,978	55.9	2,113,382	40.3	201,750	3.8	5,244,310

SOURCE: Annual Reports of Board, and budget for 1955.

It will be observed that the percentages are somewhat different from Edmonton, where in 1955 only 34.4% of revenue came from provincial grants. The province now supplies 40.3% of the public school revenue in Calgary, a figure which has increased from the low level of 9.7% in 1947. The share of education costs to the local taxpayer has declined to roughly 60%.

With the aid of the 1955 Tax Reduction Subsidy the school mill rate was brought down to 13.14. The expenditures of the board went up by $616,653 with a reduced mill rate, and a requisition reduced by $680,900. The Tax Reduction Subsidy was $1,020,021. The following figures show the altered situation.

Increased expenditures 1955	$ 616,653
Increase in grants:	
(i) New Tax Reduction Subsidy	1,020,021
(ii) Increase in ordinary operating grants	239,890
Total increased grants	$1,259,911

The separate school board requisition had been expected to be $552,131, but the Tax Reduction Subsidy of $193,201 brought the requisition down to $348,929. These are truly remarkable figures, and they show vividly the results of the new grants.

The following table shows the main expenditures of the public school board:

TABLE 24
EXPENDITURES BY CATEGORIES - CALGARY PUBLIC SCHOOL BOARD
1946-55

YEAR	FINANCIAL CHARGES	%	INSTRUCTIONAL EXPENSE	%	OPERATION & MAINTENANCE OF BUILDINGS	%	ALL OTHER EXPENSES	%	TOTAL
1946	168,882	10.5	1,088,842	67.8	233,270	14.5	115,598	7.2	1,606,592
1948	227,848	10.7	1,579,364	74.2	226,437	10.6	95,701	4.5	2,129,350
1950	322,187	12.7	1,835,236	72.4	249,299	9.8	129,197	5.1	2,535,919
1952	395,889	11.8	2,516,487	74.8	267,018	7.9	186,778	5.5	3,366,172
1954	633,616	13.6	3,075,659	66.2	651,360	14.0	284,925	6.2	4,645,560
1955	693,890	13.2	3,822,052	72.6	444,650	8.5	301,621	5.7	5,262,213

SOURCE: Annual Reports of Board and budget for 1955. Financial charges include redemption, interest and minor items such as exchange.

The separate school board spends a slightly lower percentage on salaries. As the evidence put it: of the total of 101 separate school teachers in 1954, "38 were incumbents of religious orders, and their salaries are not as large as those of the lay staff".

It may be observed too that the Calgary public board spends a substantially higher proportion of its total outlay upon teachers' salaries than in Edmonton (72.6% against 60.2%), and a smaller proportion upon debt charges and building maintenance than in Edmonton. The debt charges for the separate school board were $14,594 in 1947 (7.1% of expenditures), and in 1955 an estimated $146,457 or 20.3% of expenditures, which is higher as a percentage, than for the public schools. The separate school board has a considerable fund for debenture reserve, so that its net debt is thereby reduced.

The following table shows how large a part the expenditure on schools, forms of the total municipal expenditures in the Calgary Metropolitan area.

TABLE 25
SCHOOL REQUISITIONS, AS A PERCENTAGE
OF MUNICIPAL EXPENDITURE, CALGARY.

YEAR	CALGARY	BOWNESS	FOREST LAWN
1946	34.12	-	-
1948	36.24	53.19	51.13
1950	33.98	59.10	54.72
1952	31.22	40.76	43.98
1954	27.32	45.07	38.44
1955	21.36	33.42	20.88

SOURCE: Table 10, Chapter 4.

Calgary spends a smaller proportion of its total on schools than Edmonton (27.49) and in 1955 a smaller proportion than Bowness.

The following table, compiled on a per pupil basis, shows the school board's revenue from local taxes and from grants, along with per pupil costs (i.e., expenditures).

TABLE 26
GRANTS & TAXES (REQUISITION) PER PUPIL
PUBLIC SCHOOL BOARD, CALGARY, 1946-55

YEAR	NUMBER OF PUPILS	REQUISITION PER PUPIL	OPERATION GRANTS PER PUPIL	TOTAL EXPEND. PER PUPIL
1946	14,196	103.04	-	113.17
1948	14,790	125.22	15.19	143.97
1950	16,373	128.99	20.12	154.88
1952	18,700	154.05	22.11	180.00
1954	22,882	157.81	37.30	203.02
1955	24,151	121.29	87.51	217.89
1955	25,431 (Sept. 30)	115.18	83.10	206.92

SOURCE: Tables 14 and 23 and 24.

Comparing Table 10 with Table 26, we can see a few differences between the figures for the Edmonton and Calgary public school boards. The per pupil expenditure in Edmonton is substantially higher - $229.57 as against $206.92. The operational grants per pupil are, however, higher in Calgary, at $83.10, than in Edmonton, at $78.90. The result is that the per pupil requisition - that is, to say, substantially the cost borne per pupil by local taxpayers, - is higher in Edmonton, being $147.85 as against $115.18 in Calgary. (In all cases, the September enrolment figures are used.) Doubtless these differences between Edmonton and Calgary could be explained in several ways.

(d) Costs per pupil.

The following table gives further data on costs per pupil broken down by the divisions within the schools.

TABLE 27
PER PUPIL COSTS, PUBLIC & SEPARATE SCHOOLS
CALGARY, 1947 & 1953

	PER PUPIL COST PUBLIC SCHOOLS		PER PUPIL COST SEPARATE SCHOOLS	
	1947	1953	1947	1953
Elementary	$110.64	$159.31	$	$
Junior High	161.63	224.57		
Senior High	186.04	320.63		
All Schools	134.00	194.91	119	165

SOURCE: Exhibits. The separate school board does not segregate in its books the costs of the different divisions; hence only the overall average is available.

The average for public schools in 1953 is slightly lower than in Edmonton ($194.91 against $216), but for separate schools is slightly higher ($165 against $157), but too much should not be read into these differences, in view of the difficulties of securing comparable student count, etc., and other differences between the two cities.

(e) "Non-resident" children.

The per capita cost of a senior high student in Calgary in 1953 was $320.63. The permitted charge as calculated under the School Act for non-resident pupils was stated to be $239.67. The actual charge made by the Calgary school board was $150 before 1954, and $175 since then. It can easily be seen that the school districts outside are getting a bargain from the Calgary schools, and conversely that Calgary is making some contribution towards educating children from Bowness and elsewhere. The same is true and more marked, for "special" pupils, for which Calgary charges a flat $100 per pupil, while the actual cost was given as $297.91, excluding any allowance for capital charges.

In 1954, 88 non-resident children from Forest Lawn and 28 from Montgomery attended the city public schools. In addition a number of outside pupils attended the separate schools, and others attended private schools. (Mount Royal College alone, under agreements with neighbouring school districts, had 54 pupils from Bowness, 13 from Montgomery, 2 from Forest Lawn and 30 from School Division No. 41, during the year 1954-55. City children at the college pay a fee of $250, but for the outside children mentioned, the school authorities pay $175, the rate as determined by the School Act which - as shown above - falls far short of the cost for upper grades. The Commission has not considered the impact of amalgamation upon the private schools in either the Edmonton or Calgary metropolitan areas).

4. COMMON PROBLEMS

In this section it is proposed to discuss the problems of school finance which are of common concern to both cities.

(a) The question of unequal "standards".

School standards are said to differ within each metropolitan area, and between urban and rural schools. From time to time, a good deal was said before the Commission on the subject of unequal educational standards as between city schools on the one side, and fringe and rural schools on the other. The subject is an intricate one, and while nothing conclusive can be said, certain elementary remarks are in order.

The first difficulty arises because educational "standards" can mean a

number of things.

(i) It may mean the quality of school buildings. One building may be of stone or brick, with high ceilings and ornate trimmings, while another may be simple frame and stucco, or even partly pre-fabricated. The quality of the building however, does not determine the quality of the education.

(ii) It may mean more lavish equipment. This comes rather closer to the subject, since many courses - shop, industrial arts, and household economics - do require laboratories and equipment not needed in the academic courses. City schools, with the equipment, can thus offer a wider range of courses. The choices before the pupil are widened, and many country and fringe schools do lack this wide variety of courses. In that sense, therefore, one can say that opportunities may be less in some schools; just as they lack facilities (e.g., swimming pools) for many of the extra-curricular activities which are found in some of the city schools.

On the other hand, city school buildings are by no means all of high quality and fully equipped. Educational opportunities thus vary within the city, although there is no denying that, as a general rule, in the city opportunities are wider than in the outside schools.

But it should not be forgotten that the academic standards of teaching and achievement may be just as high outside as within the city, providing the teachers are good and the classes properly graded and not overcrowded. The size of classes may vary somewhat, and there is a tendency for salary levels to be somewhat lower in the rural areas, but there is no evidence that the quality of teaching is lower.

Therefore, when reference is made to standards, it seems that what is most commonly meant is that some schools may not offer the same wide range of courses, and hence opportunities or choices are less, or else that extra-curricular opportunities are less, in such fields as drama, sport, swimming. In short, facilities may differ, and so may the opportunities, and no doubt it is desirable that they should be equally open to all children, no matter where they live. But academic opportunities vary less, and then only insofar as some courses may not be offered in all schools. Academic standards of teaching and attainment, in the courses taught, may not very at all.

Finally, while city schools may be supported by a wider assessment base, provincial policy (as shown for instance in the school grant system) is designed to equalize educational opportunities within the province. Such policy has, broadly speaking, been successful and every year it becomes harder to sustain

the case that rural school standards are lower than in the city.

(b) School building costs.

Throughout any discussion of building costs it is always difficult to know when we are comparing like with like. For example, if an auditorium, gymnasium, shop, household economics labs, offices for teachers, and similar items are put into a building, and then if the entire cost is converted to a classroom basis, the resulting figure will be very high.

At one extreme are portable schools which may be built for as low as $7,600 a room, and at the other, city schools which cost $30,000 and even $40,000 and more a classroom. Schools of brick-steel-concrete cost from $5,000 to $8,000 a room more than frame stucco buildings. For what they are worth, a few other figures on school building costs, put in evidence, are set forth below.

In Beverly two schools, for academic subjects only, each with 6 classrooms, assembly hall and stage, were built in 1954 for an average of just under $21,000 per classroom. Included in the total cost figure are: sites, construction and equipment. The buildings were frame stucco, for elementary classes only.

In Edmonton, the Westglen school was built in 1940, with 12 rooms, at a total cost of $140,000. But the building was said to have been very costly to maintain, more than $15,000 subsequently having been spent on the ventilation system alone, so the school may be regarded as an example of false economy - low initial cost and subsequent large outlays for repairs and maintenance. Today, according to witnesses, an 8-room elementary school costs about $18,500 per room.

If only classrooms for the academic subjects are built, the school can be put up in Edmonton for $20,000 a room, but the "extras" run the cost to $30,000, and in the high schools to $40,000.

Comparative building costs were given as follows:

CLASSROOM BUILDING COSTS - 1950

Edmonton public	$33,535	
" separate	27,500	
Beverly	10,000	
West Jasper Place	8,500	(1953 - $15,000)

SOURCE: Ex. 60E.

So many factors enter into school building costs that the Commission does not feel disposed to pursue the subject and to make recommendations. For instance, all cost figures for Edmonton include the cost of the site, which is sometimes substantial, being $6,000 an acre, or $25,000 for one school. In Calgary, however, the city donates the site.

(c) School costs and the assessment base.

Many arguments and much evidence was presented to the Commission to show that property taxes levied on the total residential property assessment are usually not enough to cover school costs alone. Documentation given earlier confirms this for the two cities and their fringes. Except in the case of a residential town, exclusively of high value properties, the same generalisation seems to apply widely throughout the country. It follows then, that unless a city or town has a substantial proportion of commercial and industrial assessment on which to levy the school mill rate, then either the schools or the municipal services, or both, are likely to go short of money unless provincial grants fill the gap.

The following table shows the Edmonton assessment divided into residential and commercial and industrial;

TAXABLE ASSESSMENT CLASSIFIED - EDMONTON, 1954-55

	1954	%	1955	%
Total Assessment	198,774,110	100	232,258,500	100
Commercial & Industrial	65,867,950	33.14	77,879,860	33.53
Residential	112,284,640	56.49	131,707,440	56.71
Commercial & Residential in same building	8,173,090	3.57	7,104,060	3.52
Misc. (civic utilities & vacant land)		7.80		6.24
		100		100

SOURCE: Ex. 236E, 28E. Similar figures are not available for Calgary. See Chapter 6, Part III.

It is plain that without the commercial and industrial assessment the school levy would lose the proportion of its yield derived from that source. Put in another way, the school tax yield on residential property alone would have to be increased by more than one-half to give the school board the same requisition now.

The importance of a broad assessment base for municipal and school revenue is seen more clearly if we consider the individual house, and relate its property tax to school costs. For example, if the full mill rate on a residence yielded in 1954, $231.98, then the amount was just sufficient to cover the average cost of educating one school child in Edmonton. But the mill rate yield on a residence would have to be $383.98 to cover the high school costs of one pupil. Nothing would thus be contributed, by the mill rate, for all the other necessary municipal services. In practice, of course, the per pupil cost is partly met from provincial sources. In 1955, for instance, out of the average per pupil cost of $229.57 mentioned in Table 10, $147.85 was met from city taxes, the remainder being mainly provincial grants, with a very small item of other revenue. The same point may be emphasized in another way, by means of Tables in Chapter 6 comparing the yield from the full mill rate on residential assessment, with the school requisition.

(d) Provincial aid for schools.

(i) Operational grants.

Grants to local school boards in aid of education have been paid as far back as the North West Territories School Ordinance of 1884. The early provincial grants were paid chiefly though not wholly according to the number of school rooms or teachers, a simple system but perhaps not entirely equitable. For that reason some other aid was also given, more or less according to need, although it was not always easy to measure need, and some discretion appears to have been left in the hands of the Minister. The entire system was overhauled by the School Grants Act of 1945, and was greatly facilitated by the organization of the large school divisions which had reduced the number of school authorities by amalgamation.

Not until recent years, however, has Alberta ranked high among the provinces, judged by the amount of provincial aid for schools. A truly noteworthy increase is apparent however, in the last few years. Whereas in 1946-47 operational grants for schools were only $3.7 million, in 1953-54 the amount was $11.6 million, to which construction grants added a further $2.7 million. By 1954-55 operational grants were $14.26 million, construction grants $3.5 million; and for 1955-56, the figures are estimated to be $24.86 million and $4.5 million respectively. The new Tax Reduction Subsidy, alone amounts to $6.6 million. Through the province as a whole, about 50% of the operating costs of school boards is now met by the province. Out of a grand total in 1955-56 of $66.9 millions, for all forms of municipal assistance put together - including hospitals and public health, highways, welfare, municipal assistance and the rest - $30.2 million is for schools. The operational grants for Edmonton schools are $2.4 million, and for Calgary $1.85 million.

A skeleton outline of the school grant system omitting some of the minor complications, is as follows:

First, basic annual grants are paid for each teacher employed. Formerly the amounts varied a good deal (between $500 and $1,500) depending on the level and type of instruction, but as of 1955 they are the same - $1,000 - for every type of teacher, except that for teachers of handicapped children the grant is $2,000.

Second, transportation grants are paid, of from 40% to 50% of the school board's transport expenditure for pupils. There are two slight complications for other types of transport, but the amount stated is the main item.

Third, a small grant of $10 (formerly $5) per annum for each pupil, based on the net enrolment.

There is no question of need involved in the first and third of those three grants, but the transportation grants are drawn mostly by rural boards and promote departmental policy with regard to the centralization of rural schools.

Fourth, there are two types of equalization grants, the first of these being the pupil equalization grant, and the second a classroom equalization grant.

(a) The pupil equalization grants (Section 3) are paid to town, village and consolidated school districts (not to city districts), at the rate of $2 per pupil per annum, if the assessment per schoolroom falls below $110,000, $115,000 and $120,000 respectively. The assessment figures thus weight the grants in favour of the consolidated school districts (of which however there are few in the province).

For rural school districts or division the amounts are different - at rates per pupil from $3 to $9, the higher rate being paid where the assessment per room is lowest. The rates are also thus weighted in favour of rural boards. The table of rates is as follows:

PER PUPIL EQUALIZATION GRANTS
FOR RURAL SCHOOL DISTRICTS OR SCHOOL DIVISIONS
AVERAGE ASSESSMENT

PER CLASSROOM	RATE PER ANNUM, PER PUPIL
Less than $40,000	$9
$40,001 to $50,000	8
$50,001 to $60,000	7
$60,001 to $70,000	6
$70,001 to $130,000	3

SOURCE: Orders in Council No. 434/55 and 774/55.

Not only do the cities not qualify for these grants, but the assessment figures per room have been set high enough so that as a consequence many other school boards do not qualify. They are not meant to qualify. Government policy is, of course, involved in these equalization grants. They are designed to equalize school opportunities throughout the province, by helping the poorer school boards which in practice generally (though not always) means the rural schools. Being based on assessments, there would seem to be two assumptions underlying these grants - first, that assessment figures are comparable between towns, villages and rural municipalities. Since all these authorities come under the same Assessment Act, use the same Manual, and are supervised by the Director of Assessments, the assumption is probably true. Second, it must be assumed that civic wealth tends to concentrate in cities, and that they do not need the per pupil equalization grants.

(b) The classroom equalization grants (Section 4) are paid to town and village and consolidated school districts at $14 per classroom for each $1000 by which the average assessment per classroom is less than $110,000 and $115,000

respectively; to consolidated school districts the rate is $19 and the assessment limit $120,000.

The rural school districts or school divisions are paid, for each $1000 by which average assessment per classroom is less than $130,000, on the following schedule.

AVERAGE ASSESSMENT	RATE PER CLASSROOM
Less than $40,000	$23
$40,001 to $50,000	22
$50,001 to $60,000	21
$60,001 to $70,000	20
$70,001 to $130,000	19

SOURCE: Ibid.

Again the weighting is designed to favour rural school districts or school divisions, and within these classifications, the authorities with the smaller average assessments per classroom. For 1955-56, 10% has been added to all these grants.

Fifth, an interesting part of the grants scheme is one introduced in 1952 which made some allowance for the extra needs created by rapidly growing enrolments. A grant is made where the percentage increase in enrolment is greater than the provincial average increase. The grant is now $100 per pupil (raised from $20 in earlier years), and is paid for each pupil in the school enrolment which is counted as more than the normal increase.

Here we have the principle that in Chapter 6 was recommended for extension to municipal as well as school purposes. Having already been adopted with respect to school grants, its justice should readily be acknowledged with respect to municipal grants. The grant is non-recurring however, that is, it is received only for the year in which the above-average increase actually took place. For that reason it has sometimes been criticized, on the ground that the above-average wave of pupils still rolls upwards through the schools creating recurring, annual, extra costs.

Sixth, there are a number of smaller and miscellaneous grants which it would be tedious to itemize and explain, but which may be mentioned briefly. They include grants for the part-cost of certain types of equipment, for the teaching of children with subnormal mentality, for evening classes, for isolation bonuses, for mission schools in unorganized territory, for school dormitories, for a few other purposes; and finally for cases where the school inspectors certify serious and unusual need, and grants are required if the schools are to continue.

The upshot of the grants system is that there is tremendous variation in the proportion of operating revenue which the school districts receive from taxes and from government grants. The range in 1951, when grants were less, was said to be from about 10% in the cities to a maximum of 90% in some rural areas. The average for the whole province for 1953-54 was about 40%, but is estimated as 50% in 1955-56. There can be little doubt that these operating grants have gone far to even up teachers' salaries and school facilities, and to that extent to equalize the quality of teaching, and of education opportunities throughout the province.

(ii) Construction grants (and loans).

Grants (and loans) are also made to help with the construction of school buildings. By the School Borrowing Assistance Act of 1950, the government, for each approved capital borrowing, advanced in cash 12½%, by interest-free loan another 12½%, and guaranteed payment of debentures issued to the public for the remaining 75%. Thus, if a school board raised $100,000 for a capital project, it could be done as follows:

Cash advance, from province	$12,500
Interest-free loan from province.	12,500
Sale of bonds to public	75,000
	$100,000

In addition, under the same Act, boards received 12½% of the principal payments which they made on debentures already outstanding. In 1951, the cash advance was increased to 20% and the interest free loan reduced to 10%, leaving 70% to be found elsewhere by the board.

The Act was replaced in 1952 by the School Buildings Assistance Act, by which the Province could grant cash assistance up to 25% of estimated building costs, and lend an additional 25% (in 1954 raised to 40%) at 3½%, and guarantee the remaining half, which was found by the school boards - mainly by selling debentures.

After 1952, the grants were changed from a percentage basis to relate them to the number of new classrooms - and varied from $4,000 to $6,000 per "classroom", depending on the size of school, but no distinction was made between elementary and secondary schools. Some allowance is made by a bonus of 10% however, for a better type of building- brick, steel or concrete. This part of the grant is discretionary, which is not generally regarded as a good feature of a grant system.

In 1955 school construction grants were increased by $1,000 a classroom. "This improved rate will meet approximately one-third of the present aggregate annual cost of new school construction". (Budget Speech, 1955.) In summary, with regard to loans, school boards may now obtain all their borrowed funds at 3½% on 25-year loans from the provincial government; and receive construction grants up to $7,700 (with bonus) per classroom.

(iii) The new order, 1955. Changes of far-reaching importance were made in the amounts and methods of school grants in 1955. In announcing these changes the Provincial Treasurer said that equalization of educational opportunity had now been substantially achieved, and the next step is "to achieve some control of rising costs and some actual reduction in the rates of local taxation." School grants were increased in total by $11.6 million to reach a total of $29.36 million (excluding the contribution to the Teachers' Retirement Fund which is $900,000, and which would bring the total to $30.2 million). The total expenditure of the Department for 1955-56 was put at $34.4 million, or 28.27% of total government and departmental expenditures of $121,725,467.

Of the total school grants of $29.36 million, $18.16 million was to be distributed as operational grants, on the various principles outlined above,

$4.5 million as capital construction grants; and $6.6 million as a new school Tax Reduction Subsidy.

The new Tax Reduction Subsidy is the one of most current interest. The money is paid to school boards whose requisition is less than in 1954, and where the operational school mill rate is not more than 25 mills. (Small additions to the mill rate (up to 2.5 mills) are permitted for capital expenditures from revenue, and to recover deficits of former years. The amount of the grant payable to a board does not, in general, exceed the difference between the 1954 requisition rate and the yield from 25 mills.
Expressed another way, the amount "is equal to the number of mills by which the Qualifying Mill Rate is in excess of 25 mills, applied to the total assessment". (Department of Education).

A grant for districts which do not qualify for the Tax Reduction Subsidy is also provided in cases where the 1955 requisition is more than that for 1954. In such cases the grant is equal to 30% of the increase up to but not exceeding a 5 mill increase. (A small contingency fund of $100,000 was provided to help those boards who face sudden and uncontrollable rises in school costs during the year). Further, in order to stabilize and maintain the lower school mill rate "the government will undertake to augment school grants by $2 million annually for the next five years". (Budget Speech, 1955).

The hope of the government was, however, that school boards would take advantage of the tax reduction subsidy to reduce their requisitions, and hence the school mill rate. In the case of the two cities and their fringes this hope has been dramatically realized, as we have documented earlier. The school requisition in both cities for 1955 was less than the year before, and since the population was considerably higher, the tax per capita, paid for schools, was considerably lower. Historically, the city school boards have drawn a relatively small proportion of revenue from provincial grants, (for many years the average ran at about 7%), a result which was to be expected since equalization grants have been heavily weighted towards poorer schools. But the operating grants of 1955 contributed 34.4% in Edmonton and 40.3% in Calgary of the public school operating revenue.

The following table brings together all provincial assistance to schools of the two cities from 1952 to 1956.

EDUCATION GRANTS, 1952-56.

DIRECT PROVINCIAL FINANCIAL ASSISTANCE	1952-53 & 1953-54 ACTUAL		1954-55 ESTIMATED		1955-56 ESTIMATED		TOTAL - FOUR YEARS	
	EDMONTON	CALGARY	EDMONTON	CALGARY	EDMONTON	CALGARY	EDMONTON	CALGARY
EDUCATION:								
Operational Grants to schools	$1,344,971	$1,089,143	$1,142,700	$ 912,800	$2,300,000	$1,850,000	$4,787,671	$3,851,943
Construction Grants to schools	1,068,749	314,886	1,250,000	1,000,000	1,300,000	1,000,000	3,618,749	2,314,886
Grants to Teachers' Retirement Fund ..	209,597	163,591	110,000	100,000	150,000	120,000	469,597	383,591

SCHOOL CONSTRUCTION LOANS, 1952-56.

ASSISTANCE BY LOW INTEREST RATE LOANS								
School Construction Loans	$2,283,000	$1,267,880	$2,000,000	$1,500,000	$4,000,000	$2,500,000	$8,283,000	$5,267,880

SOURCE: Budget Speech, 1955.

(e) Conclusions and recommendations.

School populations are rising in the whole country, and are expected to be considerably higher in the next five and ten years. The same is true of the cities. Moreover, there is a tendency to higher costs for other reasons: a larger proportion of pupils tend to stay on in high school, special instruction for the handicapped increases, courses tend to proliferate, teachers' qualifications tend to rise and so forth. Edmonton and Calgary are especially liable to rising future costs because of their rapid growth and high proportion of children. The need for the planning of capital and operational budgets to prepare for the expected rising costs, is obvious, and has been to a great extent taken in hand by province and the city school boards. The cost of education is undoubtedly rising - whether judged by per capita requisitions (except for 1955) or by per capita school grants, or - the best indicator - by total per pupil expenditures.

Mill rates and per pupil assessments vary greatly throughout the province, and hence the need for grants if facilities and opportunities are to be equalized. Some have even gone so far as to advocate federal aid for schools, in order that oppotunities may be equalized throughout the entire country. Within each metropolitan area, too, there are striking variations in school mill rates, per pupil assessments, school building costs and the like. Amalgamation will introduce a large measure of uniformity throughout a larger area. But there will remain, and indeed become accentuated, the problem of where the city school boards are to find the necessary capital funds in the years ahead. Moreover, amalgamation will increase the burden upon city tax payers as a whole because of rising annual capital charges, and expenditures required to build new schools in the present fringes. These, together with other matters, form a part of the wider problem of finding extra capital funds for the city. (See Chapters 6 and 16.)

Many criticisms are levelled against the education system, but very few maintain that school boards are extravagant by reason of the requisitioning system. The Commission heard no evidence in support of a contention of extravagance, or poor stewardship, on the part of school boards. Some witnesses/however expressed concern at rising capital costs, particularly in connection with new school buildings, and the possible effect on property taxes. As to whether the present city system of school administration -i.e., by independently elected school boards - should continue, the Commission returns an affirmative answer. (See Chapter 13.). Yet there is much to be said for

close liaison between city council and school boards.

Under The School Act the board of a school division must appoint a trustee to attend meetings of the council of each municipality to which the board submits a requisition for twenty per cent or more of the total requisition of the division. The trustee so appointed may attend meetings of the council of the municipal district, and take part in all discussions pertaining to school matters, but he may not vote or receive remuneration from the council. The Commission is of the opinion that a similar provision as to the city council and the city school boards would be a salutary move towards increased liaison and understanding, and recommends:

> That a trustee be appointed, by resolution of each of the city school boards, to attend those meetings of city council at which school matters are being considered.

There was some suggestion before the Commission that the province should assume the entire cost of education. The Civic Advisory Council of Toronto, in 1950, prepared a report on "Municipal Finance". A portion reads:

> "The Committee reviewed suggestions that the province might assume financial responsibility for schools in Ontario, a fiscal arrangement which prevails in Australia ... In considering any such proposal two factors particularly have to be borne in mind. First, administration and decisions as to local requirements would pass entirely to the province; secondly, in searching for answers to fiscal questions it is not realistic to think that the slate can be wiped clean of past performance." (Municipal Finance, 1950. University of Toronto Press, p.p. 97, 98.)

The Commission dismisses as unrealistic any suggestion that the province should assume the full costs of education, because not only would the formulation of educational policies be controlled by the province as now, but the local administration and application of those policies, through elected representatives, would inevitably disappear. The Commission believes it to be of paramount importance that some local responsibility for education be continued because it holds highly the values of local self-government.

A further suggestion was that the province should pay 50% of the cost of education to the cities. There seemed to be no particular rationale behind the suggestion, and the Commission is not so hopeful as to believe that a 40-60, 50-50, or any division will serve generally throughout the province. There is no magic in any formula, or any particular division of provincial and local financial responsibility. The situation is always changing and viable in view of the variation in the tax base in different parts of the province. Need must remain a consideration of prime importance. If education is to continue

in the cities jointly financed by local taxation and the province, a system of grants-in-aid must be accepted as normal.

The province introduced the education tax reduction subsidy after the final public hearings of the Commission. Its effect was almost a doubling of the total operating grants of each city in 1955. The Commission finds that on the basis of 1955 budgets school operating grants are satisfactory in amount. However, it must be kept in mind that if the upsurge in population continues, resulting in large building programmes, the "operating" position of the school boards may change rapidly. This arises because the repayment and interest charges on the capital borrowed appear in the annual budget as a part of operating expenses. As indicated in Table 8, in 1946 financial charges absorbed only 11.8% of the Edmonton Public School Board revenue compared with 18.4% in 1955. For Calgary the comparable figures are given in Table 24 at 10.5% in 1946 and 13.2% in 1955. It is only in very recent years that the impact of school borrowing has shown up strongly, but with the increasing number of pupils, school facilities will have to be greatly expanded.

In Part III of Chapter 6 the Commission pointed out that the spectacular growth of the province since 1947 was to a large extent the spectacular growth of the two metropolitan areas, until they contain nearly 40% of the provincial population. It also stated that for this reason the two areas had been subject to "higher-than-average" capital costs in absorbing the population. The Commission believes consideration should be given to <u>extending</u> the principle of "weighting" school grants for unusually rapid growth. In this way, better provision would be made for another factor which determines need, and which is reflected in higher annual capital costs falling on the two cities. The Commission recommends:

> That consideration be given to extending the principle of weighting grants for unusually rapid growth so as to recognize the higher annual capital costs falling on the two cities in consequence of such unusually rapid growth.

CHAPTER 8. THE IMPACT OF OIL AND NATURAL GAS.

CHAPTER 8. THE IMPACT OF OIL AND NATURAL GAS

Outline of Chapter Contents

1. General
2. Submission of the City of Calgary
3. Submission of the City of Edmonton
4. Conclusions.

CHAPTER 8. THE IMPACT OF OIL AND NATURAL GAS

1. General

Statistics and other data relative to population in Calgary and Edmonton disclose phenomenal growth commencing in Edmonton in 1947 and in Calgary in 1948. When we find cities whose population had up to those dates been increasing approximately by 2% to 3% per annum suddenly growing at an abnormal rate, it is proper that causes should be sought, as these major increases cannot possibly be altogether fortuitous. Except for the case of oil, it is difficult to point to any one outstanding factor. Factors other than the discovery of oil have had their influence, but it is impossible to weigh them against the impact of oil itself.

The restrictions on credit during the war period, preceded in the earlier thirties by the depression economy, prevented the creation and expansion of much needed capital goods. Upon cessation of hostilities in 1945, accumulated wealth and pent-up demand combined to absorb the capital and consumer goods more rapidly than they became available. There was a general upsurge across Canada in capital construction. It is known that much capital construction was at a standstill during the Depression and war years, which was followed by feverish activity when money and materials became available. However, in Alberta an extraordinarily high level of demand continues. Capital construction still goes on, and a substantial quota of that construction is to provide homes for people who have been flocking to Calgary and Edmonton. During the many hearings one witness after another was asked respecting the impact of oil and gas on population growth, but with unsatisfactory results. Most of them thought that conditions in the two metropolitan areas were due entirely to the discovery of oil - without reasons assigned - but some had no opinion whatsoever.

The Turner Valley Oil Field was discovered in 1914 but in its early history production was limited to natural gas and naphtha. It was not until 1936 that crude oil was discovered and soon thereafter two refineries were established in Calgary and one in the field itself. The discovery of crude oil in the foothills encouraged exploration but on perhaps a restricted scale during the war years, but with ever-increasing tempo when the war was over, culminating in the discovery of the Leduc field early in 1947. The Redwater field came next in September 1948

and without discounting the importance of the many other fields throughout the province, Leduc and Redwater can be classed as major discoveries. In 1953 the Pembina and Sturgeon Lake areas were discovered and are taking their place as fields of major importance and they may outstrip Leduc and Redwater combined.

The hope of new and expanding markets for natural gas encouraged exploration - with the collateral hope that oil would be found - which exploration has resulted in the establishment of natural gas reserves estimated at seventeen trillion cubic feet. Wet natural gas has liquid components such as propane, butane, pentane, and ethene, and thereby was born the petro-chemical industry in Alberta. South of Calgary is the Canadian Industries explosive plant and the nitrogen plant of Consolidated Mining and Smelting, with the Shell Oil gas processing plant to the west. East of Edmonton in the Municipal District of Strathcona we find the three refineries of Imperial Oil, McColl-Frontenac, and British American Oil, and the petro-chemical plants of Canadian Chemical and Canadian Industries, all representing an investment of many millions of dollars. Two of the plants in the Municipal District of Strathcona are said to have been constructed at a combined cost of $100,000,000. Has the advent of all this gigantic industry had any impact on the economy of the two cities, and if so, what has that impact been? The Commission is of the opinion that the first part of the question answers itself but finds difficulty in measuring the extent of that impact in precise terms, and indeed cannot do so.

Evidence of material importance was adduced on behalf of the two cities; in the case of Calgary arising from an objective and factual analysis of pertinent material, and in the case of Edmonton, by an analysis of overall relevant facts, but without any attempt to equate the factors other than population and finance.

2. Submission of the City of Calgary

The evidence on behalf of Calgary was given by Mr. Carl O. Nickle, M.P. To secure factual material Mr. Nickle addressed a questionnaire to all of the major and larger independent operators in the industry; ninety of those companies submitted statistics. So far as companies who have not furnished information are concerned, close estimates had been prepared. Mr. Nickle, while agreeing that his conclusions were subject to a substantial margin of error, concluded that they

were definitely conservative. To the information thus obtained Mr. Nickle added the weight of his own wide general knowledge of the oil industry.

His evidence was that in the past eight years $1,400,000,000 had been expended in Western Canada for oil and gas development and exploration, and in the construction of oil and gas processing and transport facilities. He said that actual oil production has risen from 19,000 barrels per day in 1946, to about 263,000 barrels in 1954, with an estimated production of 338,000 barrels for 1955. Overall expenditures by the oil industry in Western Canada have climbed from one million dollars per month in 1946 to over one million dollars per day in 1954. In his opinion oil has become the largest single mineral producing industry in Canada and is the second largest industry in Western Canada in terms of personnel employed and revenue produced, and the largest industry in terms of new capital investment with the end not yet in sight. It would appear that Calgary is the operational headquarters of companies producing oil and gas and conducting the majority of exploration and development, while the Edmonton area has become the major field headquarters of the oil industry, in addition to being the centre of oil refineries, petro-chemical plants, equipment plants and other related facilities.

Mr. Nickle's researches disclose the following changes in Calgary in the eight-year period from the Leduc discovery till the end of 1954:

1. Oil Company personnel - 1946 - 703 persons; 1954 - 5,016 persons.
2. Oil Company personnel and their families - 1948 - 1,977 persons.
   1955- 14,491 persons.
3. Annual total payroll personnel; 1946 - $1,595,798; 1954 - $22,948,936.
4. Average annual income per oil employee, 1946 - $2,268; 1954 - $4,575.
5. Floor space for offices occupied by oil firms:

   1946 - 48,586 sq. feet; 1954 - 884,253 sq. feet.
6. Floor space used for purposes other than oil offices:

   1946 - 100,294 sq. feet; 1954 - 307,962 sq. feet.
7. Floor space occupied by oil firms for all purposes:

   1946 - 148,880 sq. feet; 1954 - 1,192,215 sq. feet.
8. Motor vehicles owned by oil firms or oil personnel:

   1946 - 343 1954 - 3,421

He said that the major portion of the eight-year increase had taken place between 1951 and 1954. The number of personnel employed by oil firms in Calgary increased by 2,920 between 1951 and 1954 compared with 1,393 between 1946 and 1950. The 1954 payroll of oil personnel showed an increase of $15,982,362 over that of 1950, while the payroll of 1950 showed an increase of only $5,460,776 over that of 1946.

Floor space occupied by oil firms increased by 286,778 sq. ft. between 1946 and 1950 while between 1950 and 1954 the increase was 756,557. Between 1946 and 1950 the increase in motor vehicles owned by oil firms and oil personnel increased by 833 while the increase from 1951 to 1954 was 2,245.

The foregoing statistics are derived from two sources; firstly, the answers to the questionnaire before referred to and, secondly, estimates made by Mr. Nickle with respect to those firms who did not reply to the questionnaire.

The figures compiled from answers to the questionnaire are as follows:

	1946	1950	1954
1. Number of personnel based at Calgary, employed by Companies as at end of year shown.	598	1,782	4,624
2. Personnel employed includes:			
Married Personnel:	365	1,048	2,684
Single Personnel:	222	734	1,580
3. Approximate annual total payroll for Calgary - based personnel of Companies.	$1,356,428	$5,998,088	$19,506,596
4. Average yearly income per employee:	2,268	3,366	4,575
5. Approximate total floor space occupied in Calgary by Companies for offices at end of year - sq. ft.	41,298	222,547	751,615
6. Approximate total floor space occupied in Calgary for other uses at end of year - sq. ft.	82,250	147,762	261,768
7. Number of motor vehicles, Company-owned, and based in Calgary.	71	286	772
8. Number of motor vehicles owned by Company personnel Calgary - based.	220	714	2,136

The witness further pointed out that in addition to payroll the oil industry had invested an estimated $70,000,000 in new office buildings, warehouses ,

plants and homes, resulting in an incalculable investment in office and home furnishings and equipment of all kinds. He pointed out that the oil industry was responsible for the large and continuing heavy percentage of construction work in the city of Calgary, and that the servicing, maintaining and operation of office buildings occupied by oil companies afford a large number of jobs apart from oil personnel alone. He mentioned types of employment attributable to oil development, arising from wholesale and retail business, rail and truck transport, restaurant service, professional services, automotive service, and was of the opinion that for each oil job in the city, one and one-half other jobs have been created. If this estimate is correct, then there would be 7,500 jobs in Calgary separate and apart from those created by the oil industry, and that if wives and children are included, the total would account for approximately 22,000 of Calgary's population. It was his considered opinion that the majority of all jobs, and business of all kinds, are and will be dependent upon the health and growth of the oil industry and concludes this phase of his evidence with the trenchant comment "the impact of oil affects every part of the community".

He then dealt with population increase but since that aspect of the problem is discussed in Chapter 2 it will be sufficient to say that in his opinion in the years 1951 to 1954 Calgary's population increased an estimated 35,818 with direct and indirect support by oil representing a number equal to 60%. Further figures led him to the conclusion that between 1947 and 1950 the population increase was 20,886 with direct and indirect support by oil, representing a number equal to 42%.

3. Submission of the City of Edmonton

Evidence was adduced on behalf of the city of Edmonton by Mr. John Hodgson, recently retired City Commissioner, and a widely known authority on municipal finance. His approach to "the impact of oil" was quite different from that of Mr. Nickle. The latter, it could be said, had proceeded from effect back to ascertain the cause, while Mr. Hodgson it would seem, assumed the cause and proceeded to demonstrate the effect. In saying so, the Commission is not at all critical of Mr. Hodgson, but must point out as it did in the preamble to this Chapter, that to causes other than the discovery of oil, may be ascribed some of

the amazing growth of the city and its adjacent towns and territory. The relationship of the many contributing factors are impossible of concrete evaluation in the problem of "the impact of oil", but Mr. Hodgson made a most valuable contribution to this study.

He first pointed out that the outbreak of war in 1914 spelled disaster for Edmonton. The wild land boom of 1908-1914 had resulted in inflated land prices; that war deflated these prices almost to zero. Taxes were not paid and the tax levy was not met. Between 1930 and the outbreak of the war in 1939 rents declined to such an extent that many owners could not meet taxes, so further tax defaults occurred. It is unnecessary at this point to deal with Mr. Hodgson's history of the various financial crises through which the city passed until the Leduc discovery. He said that the original discovery was soon followed by others and that with the population increasing so rapidly it became obvious that the city could no longer work on a yearly estimate, so there was instituted a five-year plan of capital estimates for the period 1949 to 1953. The intelligent estimates for the five-year plan turned out to be a "mere guess". The amount contemplated for expenditure for the five years was $41,000,000 while the actual turned out to be over $71,000,000. Canadian sources of capital had largely dried up so far as Edmonton was concerned and by 1951 recourse was had to American markets for funds; even then the School Board could not secure funds from that source. In the same year the province loaned the sum of $1,900,000 to complete the year's programme. Since 1951 the province has been Edmonton's sole source of capital funds.

In 1946 the population of Edmonton was 114,976 and by 1954 it had risen to 197,836. The same trend is seen in Calgary but to a lesser extent in Saskatoon where oil activity is on a much smaller scale.

In the same period the debenture debt of the city, including school debentures, had risen from $20,180,264 to $80,302,625. School debenture debt increased from $3,646,000 in 1946 to $16,411,880 in 1954. Mr. Hodgson estimated that by 1956 the total debenture debt would exceed $100,000,000. From 1919 to 1946 when the population increased from 60,000 to 114,976 the total debenture borrowing for capital construction amounted to $13,779,109. Between 1947 and 1954 when the

population increase was 82,860, debenture borrowings for capital construction amounted to $60,384,777.

In the same eight-year period annual administration costs increased from $6,048,300 in 1946 to $18,469,400 in 1954.

In addition to heavy borrowings, the city provided $30,000,000 from its own resources for capital construction, these resources being profits from its utility operations, and sales of tax sale lands.

The ratio of residential to industrial and commercial assessments is of some importance. Prior to Leduc, the percentage of the assessment roll was approximately 55% for industrial and commercial, and 45% for residential while to-day the ratio is 56.5% residential 43.5% industrial and commercial. Comparisons of this phase were made with other cities.

	Industrial & Commercial	Residential
Toronto	60	40
Hamilton	49	51
Windsor	52.26	46.52
Regina	50	50
Winnipeg	50	50
Vancouver	55	45
Edmonton	43.5	56.5

NOTE: The Edmonton figures do not agree with other information furnished the Commission. See Chapter 6.

The Strathcona Municipal District No. 83 reported that there were 1,898 employees in the refining and petro-chemical plants in that district living in Edmonton. Of this number, 1,462 were married, have 1,020 children of school age and 1,010 children of pre-school age.

The witness secured figures from the Provincial Statistician establishing an output in Edmonton of refinery products of $55,000,000 in 1953 (which obviously includes the area beyond Edmonton's boundaries).

On cross-examination Mr. Hodgson expressed the view that an extension of Edmonton's boundaries is necessary, again, as he says, due to oil discovery. For example, he cites that the discovery of oil has led to the establishment of refineries, oil pipe lines and petro-chemical plants in the Municipal District of Strathcona.

He pointed out that while the impact of oil on provincial debt had been favourable the same impact has had the opposite effect on Edmonton. He said:

"It has been the direct cause of the vast increase in public works, the financing of which has carried the city's bonded debt to over $400 per capita, increasing the annual cost from $1,979,799 in 1946 to $6,082,552 in 1954; it has necessitated the School Boards launching into the most costly programs of extensions of school facilities, and with no assurance whatever that the programs have even approached the final stage. If oil had not been discovered, it is unlikely that the population today would have been more than 145,000, and most of the groundwork for a new city would not have been required, savings tens of millions of expenditures, together with millions in annual charges. Altogether, the situation created in this city by the advent of oil is probably without parallel in the history of municipal government in Canada."

4. Conclusions

Both of these witnesses produced other voluminous statistics, but it is felt that it is unnecessary to set them out in detail. The figures submitted hav e had their influence on the Commission's conclusions and it can be said in a general way that they are indicative of a progression in every field of municipal activity. The impact of oil and gas on the economy of the Municipal District of Strathcona is dealt with in Chapter 11. All of this evidence cannot be lightly treated and certainly cannot be disregarded. Both of these men are responsible, reliable citizens, each having specialized knowledge in his respective sphere. Apart from the specific evidence given by each of them, the Commission must take notice of one outstanding and very pertinent fact which is, that the abnormal upsurge in population in both cities was coincident with the discovery of the Leduc and Redwater oil fields and that upsurge continued in greater and greater ratio as new fields came in.

If oil had not been discovered, what other factors, if any, would have produced all of the effects narrated by these two witnesses? No evidence was presented to the Commission that any other factor influenced the growth and development of the two metropolitan areas since 1947 to anything like the same extent. The growth of Winnipeg and Regina in the same period has fallen far short of keeping pace with that of Calgary and Edmonton. All four cities are similar in their dependence on the agricultural economy of the West, except that Calgary and Edmonton have had the added influence of the impact of oil and natural gas discoveries.

This impact has produced great prosperity but it has been accompanied by a mounting capital debt necessarily incurred to provide essential services to an

ever-growing population. It is true that all of the public works which the two cities have provided represent assets which will subsist for many years, but an increasing debt load has been generated. Indeed, it is difficult to envisage what the result might have been but for the generous aid afforded by the province at a time when the usual money markets would only have been available for lesser amounts than required, and at higher interest rates. The impact is quite impossible of precise measurement, but the Commission is of the opinion that it is the major factor affecting the marked expansion in the economy of the two areas.

The facts summarized in this chapter are restricted to the evidence of the two witnesses, one called on behalf of each city. Elsewhere in this Report (particularly in Chapters 6 and 11), statistics are presented which confirm the far-reaching impact of the recent discoveries and developments on the finances of the two cities. The recommendations of the Commission appear in the appropriate chapters.

CHAPTER 9. ASSESSMENT AND TAXATION

CHAPTER 9. ASSESSMENT AND TAXATION

Outline of Chapter Contents

1. THE TAX BASE

   (a) Statutes
      (i) Powers - Assessment Commission Act and The Assessment Act
      (ii) City Act
      (iii) Assessment Act

   (b) Comparison - Level of Values - Base years.

   (c) Personal Property Tax - Business Tax
      (i) Personal Property Tax
      (ii) Business Tax
      (iii) Comments - Business Tax - Personal Property Tax

   (d) Local Improvements - Conclusions.

2. EXEMPTIONS

   (a) Statutes

   (b) Provincial Practice
      (i) Provincial Act
      (ii) Local Improvement and Frontage Taxes
      (iii) Business Taxes

   (c) Federal Practice
      (i) General Property Grants
      (ii) Local Improvement and Frontage

   (d) Submissions
      (i) Edmonton
      (ii) Calgary

   (e) Trend - exemptions

   (f) Recommendations

3. AGRICULTURAL LAND - UTILITY BOARD ORDERS

   (a) Edmonton

   (b) Calgary

   (c) Comparison - Board Orders

   (d) Submissions

   (e) Summary and Recommendations

4. THE ELECTRIC POWER TAXATION ACT: THE PIPE LINE TAXATION ACT.

   (a) Relative to boundary extensions

   (b) Relative to industrial policy.

5. INDUSTRY - ASSESSMENT AND TAXATION

   (a) Submissions

   (b) Summary and Recommendations

CHAPTER 9. ASSESSMENT AND TAXATION

1. THE TAX BASE.

(a) Statutes. There are three principal Acts in Alberta relating to and authorizing assessments. The City Act, in part, deals with and governs the liability to assessment and taxation of property, special franchises, businesses, trades and professions in every city (The City Act came into force January 1st, 1952, and all seven of the former city charters were repealed); The Assessment Act which relates to assessment in all other municipalities in the Province; and The Alberta Municipal Assessment Commission Act which provides for the appointment of a Director of Assessments and Inspectors and defines their powers, and for the establishment and duties of the Alberta Assessment Commission, the final appellate tribunal for assessments. There are several other statutes and portions of statutes dealing with particular forms of assessment and taxation, e.g., The Electric Power Taxation Act, The Pipe Line Taxation Act, (See Section 4 below) and The Public Utilities Act. In addition The Town and Village Act, 1952, and The Municipal District Act, 1954, provide for the appointment of assessors. It is proposed here to deal chiefly with the statutes first mentioned.

(i) Powers under The Alberta Municipal Assessment Commission Act and The Assessment Act.

(a) The Assessment Commission is empowered to hear appeals from the Court of Revision of any city, town, village or municipal district or the decision of those designated by The Minister of Municipal Affairs to deal with complaints in any improvement district. Its jurisdiction extends to the determination not only of the amount of the assessment, but also to all questions as to whether any things are or were assessable or persons properly entered on the assessment roll or are or were legally assessed or exempted from assessment. The Assessment Commission has power to quash an assessment, or order that a new one be made.

(b) The Minister, on the certification of The Director of Assessments, has discretionary power to declare the whole or part of any assessment in any municipality null and void, and to direct that a new assessment be made. If the Minister, after due inquiry, and after having made an order as to the above, is of the opinion that an assessor in any municipality is incompetent or unsuitable, he may order the council of the municipality to dismiss the

assessor, and appoint in his place a person approved by himself. Under The Town and Village Act, 1952, and The Municipal District Act, 1954, the Minister may disallow the appointment of an assessor. No similar power exists under The City Act.

(c) The Director of Assessments shall and is empowered to make recommendations to the Minister as to standards and methods of assessment, and to suggest to the Minister regulations for the guidance of assessors in making assessments in any municipality for the purpose of securing general uniformity. The director and every inspector is empowered to cancel the assessment of any parcel assessed, and to make a new assessment in lieu thereof. For the purpose of making any inquiry in relation to any assessment, the director and every inspector is given the same power to compel the attendance of witnesses before him as in conferred upon a commissioner appointed pursuant to The Public Inquiries Act.

It is important to observe that "Municipality" is defined in The Municipal Assessment Commission Act as any city, town, village, municipal district or improvement district.

It is clear then, that the assessment in any municipality, including cities, is under the remedial jurisdiction of the Alberta Assessment Commission, and both the assessment and the assessor are subject to the discretionary power of the Minister of Municipal Affairs. What may not be generally recognized, however, is the broad powers conferred on the Director of Assessments, particularly as to the cities. While there is no evidence that the director of assessments has exercised any of his statutory powers in either Calgary or Edmonton, he was called on, in an advisory capacity, by city officials in Calgary in 1954 concerning certain matters arising from a general reassessment.

(ii) Under The City Act, land and buildings and improvements, are to be assessed at their "fair actual value". Land is assessed at 100% of its fair actual value, but the council of a city may provide, by bylaw, that a sum equal to 60% of the fair actual value of buildings and improvements shall be entered on the assessment roll, and shall be deemed to be the assessed value for purposes of taxation. It is further provided that the council of a city in any year may classify buildings and improvements on land within a city as residences, and, by bylaw may provide that a sum equal to 50% of the fair actual value of the buildings and improvements so classified be entered on the assessment roll,

and be deemed to be the assessed value of such buildings and improvements. The bylaw must provide that all buildings and improvements not classified as residences are to be assessed at 60% of fair actual value.

Under the old Edmonton charter single family residences were taxed on an assessable value of 50% of fair actual value, and all other buildings and improvements at 60%. Calgary had taxed all buildings and improvements on an assessment of 50% of fair actual value. When The City Act was passed in 1951, provision was made to use 60% of fair actual value because uniformity as to the percentage of assessed value to be adopted for purposes of taxation was strongly favored by the Province. And the cities were agreed that no city would possess any undue advantage in attracting new business or industry. Because of protests from Edmonton, where it was argued that taking 60% of the fair actual value of single family residences shifted an undue portion of the tax burden to residential taxpayers, The City Act was amended in 1953, to make provision for any city to classify buildings and improvements as residences, and to use 50% of the fair actual value thereof, as the value for purposes of taxation. Edmonton then passed the necessary bylaw. The present position is that Calgary takes 60% of the fair actual value of all buildings and improvements, while Edmonton takes 50% on buildings and improvements classified as single family residences, and 60% on the balance.

Where the council of a city has provided for the assessment of all buildings and improvements at 60% of their value, the council may classify buildings and improvements as residences, or business premises, and may designate the buildings and improvements to be included in each of the said classes for purposes of taxation. In the case of buildings and improvements classified as residences, the council may provide for the partial remission of taxes not to exceed 16 2/3% of the amount of the taxes levied in respect of the buildings and improvements classified as residences. In the case of buildings and improvements classified as business premises, the council may provide for the levy of a surtax at a rate not exceeding 20% of the total uniform mill rate fixed by bylaw.

The Commission sought an answer to the question as to why all buildings and improvements in Calgary and Edmonton should not be taxed on 100% of fair actual value. It was pointed out that the Eastern Provinces use 100% of value as the basis of real property taxation. In answer, both cities prepared exhibits, wherein analyses were made of their 1954 assessment rolls, indicating

some consequences of basing taxation on 100% of the value of buildings and improvements. The Calgary analysis resulted in showing an increase in the tax burden on private dwellings, especially low-cost residences, and a consequent easing of the load on commercial and industrial properties, where the taxable value was increased from 60% to 100%. The Edmonton exhibit showed that there would be an increase of approximately 11% in the taxation of single family dwellings, and a decrease of about the same on commercial and industrial properties, if the taxable value were increased from 50% to 100% on single family dwellings.

According to a memo prepared by the Calgary Assessor, none of the nine largest cities in the four Western Provinces base their real property taxation on 100% of the value of buildings and improvements. In 1954 the range ran from 30% in Regina, to a high of 66 2/3 in Winnipeg.

As residential taxation tends to be more regressive, and commercial and industrial less, the Commission with the evidence before it, is not disposed to recommend any change as to this matter.

"Fair Actual Value" as to buildings and improvements in Edmonton is taken on the level of values established as an average of 1944-1945. In Calgary it is taken on the level of 1945 values. In both cities these levels have been established by the respective assessors after the accumulation and analysis of a mass of material on current building costs, sales records and so forth, and the adjustment of the figures of the Dominion Bureau of Statistics and other statistical indices, to these data.

The City Act provides for the Council, to adopt, by bylaw in any year, in whole or in part, the assessment of the previous year as the assessment for the current year; but no such bylaw may be passed in more than 8 consecutive years. Considerable evidence was given on this matter, especially in view of the fact that neither Calgary or Edmonton had had a general re-assessment for many years prior to World War 11, until 1949-1952 in the case of Edmonton and 1953-1954 in the case of Calgary. It was generally agreed by city officials that a lapse of eight years is too long a period for a general re-assessment, and that five years, as in the case of towns and villages, is a more reasonable period. The representatives of both cities agreed that sound assessing is a continuing process. and should always be kept up-to-date.

(iii) Under The Assessment Act, in every municipality apart from cities, land, together with all buildings and improvements thereon, is to be assessed at its fair actual value. By regulation "fair actual value" as to buildings and improvements has been prescribed as the 1942 level of values. With one or two exceptions, all towns and villages in the province have been brought up to this level, and all but seven rural municipalities. The rural municipalities bordering on Calgary and Edmonton have been dealt with. This 1942 level of values has been established by the Director of Assessments by an analysis of all relevant data, and as representing a fair level over a long-term period. An assessment manual is provided by the Department of Municipal Affairs by virtue of powers granted the Minister under the Act, and must be used by all assessors in the interest of uniformity.

The Assessment Act, unlike The City Act, makes no provision for taxing on a percentage of value; land, together with all buildings and improvements is assessed at 100% of fair actual value. There is this important exception, however, common in Western Canada: farm buildings and other farm improvements on farm lands as defined in the Act are exempt from assessment and taxation.

The Assessment Act authorizes the council of a town or village to adopt, by resolution, the assessment of land, including buildings and improvements, made in the previous year as the assessment for the current year, providing that no such resolution shall be passed in more than four consecutive years. Rural municipalities must adopt assessments from year to year, subject to any physical changes which may have occurred, until a re-assessment is ordered by the Minister. By amendments to The Assessment Act passed in 1954, the assessor in rural municipalities must assess industrial units annually. The reason is that these units, consisting in the main of large and heavy machinery and equipment subject to heavy wear and tear, should receive proper consideration for depreciation by the assessor every year. (See Part 5, infra).

The Assessment Act and The Town and Village Act, 1952 provide that the council of a town or village may requisition the Department of Municipal Affairs to appoint an assessor from the assessment branch to carry out assessments within the municipality. In 1954 appointments were made for the towns of Beverly, Jasper Place and Forest Lawn. The assessment in Montgomery, a Local Improvement District, was made by the Director of Assessments. The Town

of Bowness completed its own assessment, but had it spot checked by the assessment branch. According to the evidence, the assessment was found to be in line with assessments completed by the director in similar areas.

TABLE 1

ASSESSMENT RATIOS AND BASE YEARS IN THE TWO AREAS

(Land in all cases is taken at 100% of "Fair actual value".)

	BUILDINGS & IMPROVEMENTS	BASE YEAR
Calgary	60%	1945
Edmonton	50% - single family residences 60% - all else	1944-45
Towns & Villages	100%	1942
Rural Municipalities	- exempt (see above)	-
(Hamlets, including industrial plants)	100%	1942

(b) Comparison of 1942 Level of Values with 1944-45 (Edmonton) and 1945 (Calgary).

In assessment circles it is generally recognized that a dominant factor in determining value is location. While Calgary uses the 1945 level of values, and Edmonton the 1944-45 level, the 1942 level is considered adequate and comparable for towns and villages in the province, in addition to the hamlets in municipal districts. Another factor is that the rates in the cities of Calgary and Edmonton are designed to deal with buildings of a more elaborate type than those generally found within the smaller urban and semi-urban areas within the province and are patterned, on the whole, for a specific area only. In addition, properties in the two cities similar to those in other areas usually command a higher market price. An important feature of hamlet properties, is that generally they are worth less than if located in a town or village. Therefore, in accordance with a regulation passed under the provisions of The Assessment Act, an assessor is required to reduce the assessment rates recommended in the assessment manual by at least 10% when assessing hamlet properties, and is empowered to make a reduction up to 40% when dealing with isolated areas.

(c) Personal Property Tax - Business Tax

An extension to the tax base described above is provided for in both The City Act and The Assessment Act; in the first by a business tax, and in the latter by a business tax or a personal property tax. In this section the situation under The Assessment Act is examined.

(i) Personal Property Tax. The board of a school district which collects its own taxes, and the council of any municipality may provide, by bylaw, that all personal property in the school district or municipality shall be liable to assessment and taxation. The bylaw of the council must specify that the personal property assessment is for school purposes, and may specify that it is for municipal purposes and hospital purposes or either of them.

Under the Act personal property means all goods and chattels. The chattels of any one person are exempt if the aggregate assessed value does not exceed $300. Other exemptions relate to household goods and effects of every kind except where kept as stock-in-trade, livestock, farm implements and vehicles, domestic animals, grain and hay, money, choses in action and so forth. Personal property is to be assessed at its fair actual value, and where it consists of stock-in-trade 25% of the value is to be used as the assessed value. Personal property other than stock-in-trade is not liable to assessment until it has been in the municipality for more than 30 days in any year.

The bulk of the personal property tax in Alberta comes from the stock-in-trade, fixtures and equipment of commercial and manufacturing concerns. An examination of the personal property tax in the six provinces where it is imposed shows (according to Crawford - Municipal Government, p. 304) that "there is considerable variation as to the property included in the term 'personal property' ... In general it includes all goods and chattels and property not included in the term 'real estate', including the average stock-in-trade of merchants, manufacturers".

Rural municipalities may assess and tax personal property under authority of an appropriate bylaw, but no business tax can be imposed. Towns and Villages may impose either a personal property tax or a business tax , if authorized by bylaw. Where a business tax is levied against any business, the stock-in-trade and other personal property used in connection therewith may not be assessed or taxed.

(ii) Business Tax.

(a) Towns and Villages. The council of any town or village may pass a bylaw providing for the assessment of any trade, business or profession, and for the payment on the assessment of a business tax. The bylaw must specify that the tax is to be levied for municipal, hospital or school purposes. The

bylaw may provide for the assessment to be based on a sum equal to the full annual rental value, or on the basis of the floor space of the entire premises. Provision is also made for the assessment of persons engaged in the business of grain dealers, grain elevator operators, coal dealers, gasoline distributors, oil distributors and so forth on the basis of the total available storage capacity of the premises used. The council, for the purpose of obviating unfairness or discrimination between different trades, businesses and professions, having regard to the profits, may in the bylaw fix different amounts for the basis of assessment for floor space; that is, the business tax may be graduated.

The towns of Beverly, Jasper Place and Forest Lawn each had a bylaw authorizing a business tax on a square foot basis as at December 31st, 1954. The town of Bowness had neither a personal property tax nor a business tax. The hamlet of Montgomery was subject to a personal property tax in the Local Improvement District. All the rural municipalities bordering on the cities of Calgary and Edmonton, including the Improvement District containing the hamlet of Montgomery, had a personal property tax as at December 31st, 1954.

The following tables comprise an analysis of business and personal property taxes, and revenues in the two areas, for the year ending December 31st, 1954.

TABLE 2

ASSESSMENT COMPARISON - CALGARY AND EDMONTON AREAS AS AT DECEMBER 31st, 1954.

	MILL RATE APPLIED	PERSONAL PROPERTY ASSESSMENT	BUSINESS TAX ASSESSMENT	TOTAL ASSESSMENT FOR 1954	PERCENTAGE OF PERSONAL PROPERTY OR BUSINESS ASSESSMENT TO TOTAL
M.D. of Conrich #44	45	$ 758,070.00	----------	$ 9,708,343.00	7.8%
I.D. #46 (Montgomery)	43	40,590.00	----------	1,803,830.00	2.2%
Town of Bowness	44	----------	----------	2,180,217.00	----
Town of Forest Lawn	58	----------	$ 19,723.00	1,276,005.00	1.5%
M.D. of Strathcona #83	24½	1,485,253.00	----------	41,637,045.00*	3.5%
M.D. of Stony Plain #84	63	1,978,030.00	----------	8,262,830.00	23.9%
M.D. of Sturgeon River #90	47	1,575,210.00	----------	9,025,060.00	17.4%
M.D. of Morinville #91	55	424,890.00	----------	6,564,950.00	6.4%
Town of Beverly	53	----------	75,960.00	2,360,670.00	3.2%
Town of Jasper Place	54½	----------	169,340.00	6,918,050.00	2.4%

* The final assessment figure, after adjustments following appeals to the Alberta Assessment Commission, was $37,460,600.

TABLE 3

REVENUE COMPARISON - CALGARY AND EDMONTON AREAS AS AT DECEMBER 31st, 1954.

	PERSONAL PROPERTY REVENUE	BUSINESS TAX REVENUE	TOTAL LEVY AS AT DECEMBER 31, 1954.	PERCENTAGE OF PERSONAL PROPERTY OR BUSINESS TAX REVENUE TO TOTAL
M.D. of Conrich #44	$ 34,420.80	----------	$ 429,204.72	8.0%
I.D. #46 (Montgomery)	1,825.76	----------	78,959.00	2.3%
Town of Bowness	----------	----------	131,729.86	----
Town of Forest Lawn	----------	$1,218.60	70,960.23	1.7%
M.D. of Strathcona #83	36,017.39	----------	1,041,230.05	3.4%
M.D. of Stony Plain #84	118,632.38	----------	555,577.11	21.3%
M.D. of Sturgeon River #90	73,487.58	----------	499,232.73	16.3%
M.D. of Morinville #91	15,090.66	----------	379,755.48	3.9%
Town of Beverly	----------	4,025.88	148,571.01	2.7%
Town of Jasper Place	----------	9,399.90	422,494.79	2.2%

SOURCE: Compiled from statistics of the Department of Municipal Affairs. A business subject to a personal property tax in a municipal district generally pays more than a similar business subject to a business tax on a square foot basis in a town or village, or on a percentage of gross rental value in either Calgary or Edmonton.

(b) Under The City Act. The City Act makes provision for the council to pass a bylaw or bylaws for the assessment on a rental basis, of any or all businesses carried on within its area, to be known as "business assessment", and for the payment by any person carrying on any such business of a tax upon the assessment to be known as a "business tax". The bylaw must provide for the assessment of any class or classes of business at a sum equal to the gross rental value of the premises occupied or rented for the purpose of the business. The bylaw may provide for the grouping of businesses into classes for the purpose of assessment and taxation. The maximum rate of the tax is fixed at 25% of the gross rental value.

The City of Edmonton has a business tax bylaw, and has taken advantage of the permissive section in the statute as to the grouping of businesses into classes. The tax is based on a percentage which varies according to the classifications set out in the bylaw, which provides for five classes with rates at 6, 10, 12, 15 and 20%. In case any business does not come within any of the five classes, the tax payable is 10% of the assessed value.

Examples of the various classes are:

Barber, greenhouse, hotel and motel	6%
Auto dealer, contractor, dairy, furrier	10%
Accountant, architect, barrister, physician	12%
Brewers, insurance companies, pipe line companies, railway companies .	15%
Air transportation, bank bus depot	20%

The average yield of the business tax in Edmonton is over 11% of the assessed value. (See Chapter 6.)

In the city of Calgary the business tax is a sum equal to 8% of the gross rental value. No provision has been made to graduate the tax as in Edmonton.

Broadly speaking, under The City Act, unlike The Assessment Act, all personal property is exempt from taxation. Personal property, however, is liable to distress for the business tax. The tax may not be made a charge on real property, and in the two cities is levied for municipal purposes only.

Thus the business tax, where imposed in the fringe towns, is on a square foot basis, and in the two cities is on a percentage of gross rental value.

TABLE 4

COMPARISON - TOTAL PROPERTY TAX LEVY WITH BUSINESS TAX LEVY CALGARY AND EDMONTON, 1955.

	TOTAL PROPERTY TAX LEVY	BUSINESS TAX LEVY	TOTAL
Edmonton	11,142,106 (87.88%)	1,350,000 (12.12%)	12,492,106
Calgary	9,904,607 (90.78%)	1,005,654 (9.22%)	10,910,261

(It must be noted that the figures as to the total tax yield in any year will vary from the figures as to the levy. The Commission has examined the yield figures for 1953 and 1954, and for the purposes of comparison the figures in the foregoing table illustrate that the business tax in both cities yields about 10% of the total property tax.)

(iii) Submissions as to Business Tax and Personal Property Tax.

The evidence was that the personal property tax was a difficult one to administer equitably; and in addition, it was submitted, there were grave inequalities in it where it assumes the nature of a stock-in-trade tax. It was claimed that such a tax is unfair to a business man, who, e.g., because of market conditions, is forced to store his stock-in-trade and, possibly, borrow money on the security of his inventory to finance operations during the period he is awaiting an available or seasonal market.

It was submitted that the provisions respecting business tax should be made uniform throughout the province and the personal property tax abandoned. In the light of the evidence this Commission is of the opinion that there is a prima facie case for abandonment of the personal property tax. (See main recommendations on assessment and taxation below.)

(d) Local Improvements

(i) Statutes.

(a) The City Act. provides that the council may authorize any work of the many types specified as local improvements. In general, local improvements are designed to afford a service such as water, sewers, sidewalks, curbs and paving. Part of the cost, or even the entire cost is met by a levy on the properties which benefit. The levy may be calculated by dividing the actual cost of the property share of the particular local improvement into the total number of lineal feet of abutting land. Alternatively, the estimated average costs throughout the city may be used for the particular type of local improvement. This cost figure is then allocated to the frontage in lineal feet; known as the "unit rate basis", this method is followed in both Calgary and Edmonton.

Both cities have found a considerable differentiation in construction cost, particularly for sewer and water, arising largely from two factors: (1) a varying soil condition, and (2) the time of year in which the construction is undertaken. In order to combine high and low cost districts into an average, the unit rate basis is employed to ensure that no one is penalized. The results have been satisfactory, and the rates are reviewed to keep them in line with current conditions.

Local improvements may be initiated by petition: by notice of intention: with the consent of the Board of Public Utility Commissioners: and on the recommendation of specified health authorities.

Practically all local improvement work is initiated by petition or notice of intention. Local improvements are a specific charge against specific properties, and are recoverable as taxes. Money borrowed to meet the property owner's share of the cost of a local improvement is not considered part of the city debt when computing its borrowing power.

The council by a vote of two-thirds of all the members, may require all owners adjacent to sewer and water mains to connect their properties with storm sewers, sanitary sewers, and water works, failing which, the council may authorize the work and charge its cost to the defaulting owner.

Provision is made for the right of appeal against every assessment made under the authority of any bylaw passed respecting local improvements in the same manner as appeals from an ordinary assessment. The levy for local improvements is a part of the tax bill which the taxpayer can relate directly to benefit conferred, or services rendered. Perhaps for that reason, local improvement levies are not normally so criticized as is the mill rate. The result generally has been that appeals on local improvement levies have been few in number, confined largely to matters of technical detail.

<u>Sewer Charges</u>

(a) In addition to all other taxes the city may impose and levy a special sewer tax annually against every lot fronting any land, street or public highway which is traversed by a sewer system, not including such an amount per lineal foot of frontage as may be fixed by bylaw. Calgary, unlike Edmonton, has never imposed this tax. In 1954 Edmonton obtained $227,048 from this source. It is charged on the basis of ten cents per foot frontage and is set up as a maintenance levy in perpetuity.

(b) The City Act authorizes a sewer service charge which is to be distinguished from the sewer tax. It was instituted in Calgary in 1954, and the revenue for 1955 will approximate $400,000. This sewer service charge is not levied in Edmonton. The charge is related to the net water bill and is graduated upwards for industrial concentrated sewage. The intention of the City of Calgary is to establish the sewer service charge as a utility revenue, and place the operations of the sewer department on a basis similar to that of the waterworks department.

The rate was set up in the hope that it would defray the full operating costs of the sewerage system and sewage disposal, and in addition, provide for the capital charge for extensions to the sewage disposal plant. It is possible that the major capital expenditures on new sanitary trunk sewers can be covered in the established rate. The cost of storm sewer construction is outside the scope of the sewer service charge.

(b) The provisions of The Town and Village Act, 1952 are, in general, the same as those contained in The City Act, with some limitations. No provision is made for a unit charge, nor has a town or village power to undertake a local improvement, except by petition or notice of intention. The statute does not authorize compulsory connection with sewer or water mains. A town or village may impose a uniform frontage tax, not exceeding 10 cents per foot of the frontage of lands abutting waterworks mains, and a frontage tax not exceeding 10 cents per foot of the frontage of lands abutting sewer lines.

In addition, the council by bylaw may provide for sewer service charges and the bylaw may prescribe the method to be used in fixing these charges. Sewer service charges must be approved by the Board of Public Utility Commissioners before the final reading of the bylaw.

(ii) Financial - The continued faster-than-normal growth of Calgary and Edmonton since World War II, as shown in Chapter 2, has created additionally heavy burdens for the two cities. To meet the mounting and unprecedented costs involved in providing for local improvements, both cities have been able to borrow, in recent years, exclusively from the province. The burden has been increased because of a number of factors dealt with in detail in part 111, of Chapter 6.

Because of these factors, involving as they do financial, town planning

and engineering considerations, it has become more necessary than ever for the cities to make adequate plans for future expansion. It is not prudent to plan ahead for short periods - the planning must be in terms of several years growth because of the continuing population pressure on the cities, and in order that maximum use be made of money, material and equipment. To appreciate what this means, the following is pertinent: the approximate population now served by sewer and water in Calgary is 170,000; and in Edmonton, sewer 200,000, water, including Namao airport and Griesbach barracks, 230,000. When the expansion presently planned for these systems is completed, the population which can be provided for is approximately 300,000 in Calgary, and 350,000 in Edmonton. And the planning in neither case is beyond a 10 year limit, and in some aspects, no more than five years.

In order to gain some perspective of the magnitudes involved, both as to the recent past as well as the near future, the following tables are presented.

TABLE 5

APPROXIMATE TOTAL CAPITAL EXPENDITURES
TWO SERVICES ONLY, 1946-55(INCLUSIVE).

	CALGARY	EDMONTON
Waterworks system	$11,500,000	$13,350,000
Storm and Sanitary sewer	12,000,000	25,000,000
Total	$23,500,000	$38,350,000

SOURCE: Commission records.

TABLE 6

APPROXIMATE ANNUAL CAPITAL EXPENDITURES
TWO SERVICES ONLY AS PLANNED.

	CALGARY	EDMONTON
Water supply	$2,000,000	$1,500,000
Storm and Sanitary sewers	3,000,000	5,000,000
Total	$5,000,000	$6,500,000

SOURCE: Commission records.

TABLE 7

AS AT DECEMBER 31st, 1954.

	DEBENTURE DEBT (MUNICIPAL ONLY)	PROPERTY SHARE - LOCAL IMPROVEMENTS
Calgary	$41,485,661	$7,814,330 - Approximately 19%
Edmonton	61,889,753	14,483,294 - Approximately 23%

SOURCE: Annual financial statements - Calgary and Edmonton and Commission records.

TABLE 8

LOCAL IMPROVEMENT LEVIES - CALGARY AND EDMONTON - 1955 BASIS

	AMORTIZATION PERIOD IN YEARS		ANNUAL CHARGES PER FT. FRONTAGE		TOTAL BASED ON UNIT RATE FOOT FRONTAGE	
Local Improvement	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton
Residential paving	15	15	.44	.50	6.60	5.97
Graded & gravelled lanes	5	5	.10	.20	.50	.93
Graded & gravelled roads	5	5	.23	.60	1.15	2.79
Sanitary sewers	15	25	.23	.16	3.45	2.65
Sidewalks	10	20	.26	.26	2.60	3.78
Curb and gutter	10	20	.24	.175	2.40	2.54
Boulevards	5	5	.35	1½ cents s.f.	1.78	.07 s.f.
Street lighting (res.)	10	10	.23	.10	2.30	.85

SOURCE: City exhibits and Commission records. (The interest rates charged on the above levies vary from 2½% - 3½%.)

There is, of course, a variation in charges between the two cities. This arises from a number of reasons, e.g. - some materials cost more in one city than another, city policy relative to flankage charges, and so forth.

The Canadian Federation of Mayors and Municipalities prepared a report in December, 1953 on "Municipal policy with respect to local improvements on new subdivisions". A study of the reports of the thirty-five municipalities contributing to the survey shows a wide variation across Canada in city policy with respect to local improvement charges. A survey made by the City of Edmonton in 1955 indicates that the portion charged to the property share of local improvements varies from nothing to 100% in Canadian cities. In cities where there is a large building programme, the tendency is to charge more to the property share to raise the additional monics required. The portion charged to the property share may vary from year to year, depending on the building programme, and city policy. The following table shows the situation in Calgary and Edmonton: it is representative of the past few years.

TABLE 9

PROPERTY AND CITY SHARES - LOCAL IMPROVEMENT CHARGES - 1954*.

	PROPERTY	CITY	TOTAL
Calgary	$1,728,063	$3,431,742	$ 5,159,806
Edmonton	4,137,251	6,117,441	10,254,692

SOURCE: Financial reports - 1954 - Calgary and Edmonton, and Commission records. * The city portion includes local improvements not assessed, but charged to the city at large. In 1954 these amounts were $2,271,364 (sanitary trunk sewer, and storm sewer) for Calgary, and $4,167,878 (storm and relief sewers) for Edmonton.

Prepayments on Local Improvements - The avoidance of substantial capital borrowings arises due to prepayments on local improvements. In 1954 Edmonton received on prepayments $1,715,192, and Calgary about $40,000. (Calgary expects to receive approximately $320,000 from this source in 1955) The situation in Calgary is complicated because much land has been serviced in recent years by builders, particularly in two areas annexed in 1954. In these a separate agreement was made with the private developers, when the land was still outside the city, whereby the city would provide certain services at the city limits, and the private developers were required to instal all the local improvements. Private developers are now carrying on within the city, and are required to supply all the services subject to city specifications. This is known as the "package deal", and follows a practice widespread in the U.S.A. and parts of Canada. While in Calgary actual prepayments have not been large, the city has been relieved of doing much of the work, and the necessity of borrowing to finance it. In the past two years in Calgary it is estimated that over $2,500,000 has been involved.

In Edmonton the "package deal" is available, but no private developers have done any local improvement work; the city engineering department does it all.

The C.M.H.C. has approved the "package deal", and mortgages have been increased to take care of the installation costs of the local improvements.

In both cities, industrial land has been set aside, and here too, the "package deal" is available. The cities provide certain specified services, and the purchaser pays a lump sum, which includes the cost of installing the services.

(iii) Conclusion - Local Improvements. - Local improvement practice in Calgary and Edmontin is relatively uniform, since it is more or less related to cost, divided as it may be between the City at large, and the property owner. No evidence was presented indicating any dissatisfaction on the part of property owners. Wide discretionary powers relating to local improvements have been conferred upon cities, and since these powers appear to have been equitably exercised, and there are ample rights preserved to property owners, the Commission is of the opinion that the status quo should not be disturbed.

2. EXEMPTIONS.

The Commission does not attempt a complete analysis of the law pertaining to exemptions. The discussion is confined chiefly to matters raised in evidence, and relates largely to the exemption of the Crown.

(a) Statutes - Section 125, B.N.A. Act provides: "No lands or property belonging to Canada, or any Province shall be liable to taxation".

The City Act, and The Assessment Act each provides for the statutory exemption (in The City Act from taxation, and in The Assessment Act, from assessment and taxation) of a long list of properties of various classes. In addition to the exemption granted the Crown, there are clauses in both Acts covering the property of religious bodies, hospitals, library boards, schools, the University, agricultural societies, and so forth. The City Act provides for exemptions granted by special agreement prior to the passage of The City Act in 1951. The Assessment Act exempts, inter alia, properties assessable under The Electric Power Taxation Act, and The Pipe Line Taxation Act,(see below.) In The Assessment Act, too, are several sections dealing with peculiarly rural matters, including the well-known exemption of farm buildings and other farm improvements on farm land.

The City Act contains no permissive power expressly to grant exemption from taxation. Provision is made, however, for the Council, by by-law, to make grants to charitable organizations, welfare societies, and such other organizations or associations as the Council deems to be acting in the promotion of general welfare in such amounts as may be set out in the by-law. The quantum is usually an amount equal to the real property taxes involved. In a section other than that providing for these grants, reference is made to them as "grants made in lieu of tax exemptions." The corresponding grant sections in The Municipal District Act, 1954 and The Town and Village Act, 1952, are narrower in their scope, and some provision is made for obtaining the approval of the Minister in the case of Municipal Districts.

The City Act provides that no Council shall have power to grant a bonus to any construction company or corporation for the construction, establishment or operation of any manufactory, mill, railway, or any other business or concern whatever, nor to exempt them from taxation, nor to subscribe for stock therein, nor to guarantee their bonds, debentures or other securities. There is a similar provision in both The Town and Village Act, 1952, and The Municipal District Act, 1954.

Provision is made, however, notwithstanding the prohibition against the granting of bonuses, that no city, town or village is to be deprived of the rights and privileges conferred by The Industries Assessment Act or any other statute of the Province respecting the encouragement of industry.

The Industries Assessment Act provides that a municipality, other than a municipal district, may pass a by-law fixing the assessment of the property of any person carrying on or proposing to carry on within the municipality any industrial establishment, on such terms and conditions as the Council may deem proper. The Act limits the fixed assessment to a period of not more than 20 years, and it applies only to taxes on improvements. The by-law granting the exemption must be passed with the affirmative vote of 3/4 of all the members of the Council. It is not operative until it has received the approval of the Minister of Municipal Affairs, following which it must receive the assent of 2/3 of the electors qualified to vote on money by-laws, who vote thereon. This Act has not been invoked in the City of Edmonton or any of the fringe towns of Calgary and Edmonton. It has only been used in the City of Calgary in the case of two oil refineries. The period of partial exemption granted Imperial Oil has expired. The British American Oil is presently covered by the Act, but the period under which the partial exemption applies has nearly ended.

(b) Provincial practice - The Crown

(i) General property grants - In 1949 The Crown Property Municipal Grants Act was assented to. It provides that the Provincial Treasurer may pay to each municipality, in lieu of taxes on Crown property, such amount as may be approved by the Lieutenant Governor in Council. "Crown property" means any property belonging to the Crown in the right of the Province, which is occupied by any Crown commercial enterprise, or by any person, firm, corporation, board, Crown corporation or other agency of the Crown that pays rent to the Department of Public Works. A "Crown commercial enterprise" includes (1) The Alberta Liquor Control Board and (2) Marketing Services Limited. "Crown corporation" is not defined in the Act. The Crown has been making full grants in lieu of real property taxes on properties of the Alberta Liquor Control Board, and Marketing Services Limited, although in the latter case there are now no properties in either city.

To relate the foregoing to Crown exemptions in the cities, and grants in Calgary and Edmonton is the purpose of the following tables.

TABLE 10 A

CROWN EXEMPTIONS AND GRANTS, CALGARY AND EDMONTON - 1955.

	LAND (100%)	BUILDINGS (60%)	TOTAL
Edmonton			
Total Crown Exemptions	$ 808,880	$ 5,838,370	$ 6,647,250
Total University Exemptions	1,047,450	7,062,720	8,110,170
		TOTAL...............	$14,757,420
*Assessment on grant demand	75,130	310,900	386,030
Calgary			
Total Crown Exemptions	1,782,825	2,331,650	4,114,475
*Assessment on grant demand	65,405	244,180	309,585

The following demonstrates the results of applying the 1955 mill rate in each city to Crown exemptions, including the University in Edmonton, with the grant demands for the same year.

TABLE 10 B

Edmonton (1955 - 48 mills on $14,757,420	$ 708,356
*Grants in lieu of taxes on $386,030	18,429
Calgary (1955) - 41 mills on $4,114,475	206,934
*Grants in lieu of taxes on $309,585	12,692

* The Grant demand covers five Liquor Board properties in Calgary, and four in Edmonton.

SOURCE: Exhibits and Commission records.
NOTE: In 1955, in Edmonton the Workmen's Compensation Board is making a full grant in lieu of property taxes on a building owned and partially occupied by it. Full grants in lieu of property taxes are being made on some residential and other property across from the Parliament Buildings, owned by the Crown. The Hail Insurance Board, in Calgary, has paid full property taxes for years. These properties are not covered in the grant demand figures shown above.

In practice then, the Crown, in the right of the Province, is making full grants in lieu of real property taxes on what are defined as "Crown commercial enterprises", on some Crown corporations, and on some other properties.

(ii) Local Improvement and frontage taxes - Under The City Act the statutory Crown exemption has been modified by making the Crown liable to taxation for local improvements, and for taxes levied under the appropriate by-laws pertaining to such things as waterworks, sewers, boulevards and the like. There is a similar provision in The Assessment Act as to towns and villages. Grants are also made for maintenance charges.

(iii) Business Taxes - No grants for business taxes are made in Edmonton

or Calgary under The Crown Properties Municipal Grants Act. Nor have the Hail Insurance Board, or the Workmen's Compensation Board, made grants in lieu of business taxes.

The Life Insurance Company of Alberta, and The Alberta General Insurance Company, while they may be considered Crown corporations in some respects, have each been set up under a special statute, by which neither is deemed to be an agency or emanation of the Crown; nor entitled to the privileges or immunities of the Crown. The Alberta General Insurance Company paid Edmonton $540 business taxes in 1955, and The Life Insurance Company of Alberta, $360. Neither company has been assessed in Calgary.

(c) Federal Practice - The Crown

(i) General property grants - In 1950 the Federal government modified the Crown's exemption, in the right of Canada, by the passage of The Municipal Grants Act. This Act is a recognition of the claim by municipalities for grants in lieu of taxes and is an attempt to systematize Crown grants through the application of a formula. Provision was made in a 1955 amendment for the payment of a grant where the "accepted value" (defined by the Minister) of Class A property in a municipality exceeds 2% of the aggregate of the total assessed value of taxable property and the total accepted value of Class A property in the municipality. A grant in respect of Class A property may be made to the municipality based on the amount of such excess.

The real property provided for in The Municipal Grants Act does not include real property under the control, management or administration of the National Railways, or a corporation, company, commission, board or agency established to perform a function or duty on behalf of the Government of Canada.

The City of Edmonton did not qualify for a grant in 1954. Calgary, in that year received a grant of $30,180 on a total assessment of $8,805,090.

The 1955 assessments on property covered under The Municipal Grants Act are:-

	LAND	BUILDINGS	TOTAL
Edmonton.............	$ 901,690	$5,873,400	$ 6,775,090
Calgary	2,358,460	8,309,540	10,668,000

Edmonton will qualify under the 1955 general grant formula for $93,478 and Calgary approximately $160,000.

In addition, the following is the grant demand of each city on other federally controlled property:-

TABLE 11

GRANT DEMAND, CALGARY AND EDMONTON,
OTHER FEDERAL PROPERTY - 1955

Edmonton	LAND ASSESSMENT	BUILDING ASSESSMENT	TOTAL	GRANT
C.E. and H.C. office	$ 1,220	$ 4,010	$ 5,230	$ 297
Government elevator	17,160	720,000	737,160	17,691
C.B.C.	790	2,860	3,650	100
				$18,088
Calgary				
C.M. and H.C. office	4,800	3,630	8,430	345
Government elevator	36,000	496,750	532,750	10,281
				$10,626

SOURCE: Commission records.

(ii) Local Improvement and frontage Taxes - Unlike the Crown in the right of the Province, the Crown in the right of Canada will make grants only as a matter of grace, not of law. While some provision is made in The Municipal Grants Act, not all federal property is covered. There was little or no evidence on this matter, but the Commission understands that grants are made on improvements of a permanent nature, although no maintenance charge grants are made.

(d) Submissions

Edmonton - It is appropriate to outline the submission of the City of Edmonton as to the statutory exemption granted the Crown. The total numbers of employees in non-taxable Crown facilities in Edmonton as given in an exhibit filed by Strathcona were:-

Government of Alberta and University 4,410
Government of Canada (civilian) 2,600

"The principle advocated is that those who receive benefits of a given enterprise should make the normal contributions to the cost of municipal services." The comparison was made with employees of an industry on the outskirts of a city, living within the city and being provided with full municipal and school services, although the city derives no taxes from their place of employment. It was argued that, in equity, the municipality providing the services should receive the taxes from the industry. "In the case of employees of the Province of Alberta the function performed is one which serves the whole body of residents of the Province. It therefore seems right that all expenses in connection with these services (municipal) should be paid from revenues collected from the people of the whole Province..."

It was suggested this Commission should recommend "that the Province should pay grants equal to normal tax levies on all enterprises operated by it in the interest of the Province as a whole and should thereby eliminate the burden on the particular municipality which is called upon to pay for school and municipal services to the families of government employees."

Calgary - (i) It was submitted by the City of Calgary "That the conditions giving rise to this exemption (Sec. 125 - B.N.A. Act - Supra) no longer exist and that the Crown in the right of both the Dominion (and the

Province) ought to pay full taxes on all of this property".

(ii) C.P.R. exemption - The exemption conferred on the C.P.R. by a Dominion Act of 1881, and perpetuated by The Alberta Act, 1905, was raised in evidence. This exemption covers, in fact, the main line which passes through Calgary. In addition, the exemptions conferred on the railway shops by The Ogden Shops Agreement, executed in 1911, and on the Palliser Hotel in the same year and continued and amended by The Calgary Taxing Agreement Act, 1954 were cited.

Evidence was given that:-

(a) in 1955 the total C.P.R. exemption was:

Land 100%	Buildings 60%	Total
$3,056,480	$5,261,875	$8,318,355

(b) the tax yield on this exemption at the 1955 mill rate of 41 would have been $341,052, less $43,460. revenue from leased properties on the right-of-way, and $34,500 grant in lieu of taxes for fire and police protection for the Palliser Hotel, or a net of $263,092.

(c) the C.P.R. is not required to pay business taxes or local improvement or frontage charges under the Act of 1881 and the agreements referred to.

In its final brief the City of Calgary stated, in referring to the exemptions of the C.P.R., "It is perhaps to some extent beyond the terms of reference of this Commission". The Commission holds the view that it has no jurisdiction in the matter of the C.P. R. exemption, and consequently no recommendations are made.

(iii) Calgary also raised the exemptions alleged to arise under The Railways Act, The Irrigation Districts Act, and The Soldiers' Relief Act. The Commission takes the position that consideration of these matters is beyond its terms of reference.

(iv) Finally, the partial exemption granted under The Electric Power Taxation was cited. Consideration is given below to some aspects of this statute.

(e) Trend as to the Exemption of the Crown. - In essence, an exemption partial or whole, is a form of subsidy, and amounts to a special privilege paid for indirectly by the taxpaying citizens of a particular municipality. It has been argued that senior governments ought to make full grants in lieu of property taxes in order that the taxes on other real property might be reduced. It should be pointed out, however, that this argument implies that the taxes

imposed by the senior governments must be increased in order to provice the additional revenue to meet the grants requested. This implication is not always realized, but, nevertheless is a sound deduction.

The Commission believes that the argument of simple equity is the one on which to base a claim for grants in lieu of taxes. The matter of the exemption of the Crown has been dealt with extensively in many enquiries across Canada, during the past 30 years or so. It has been cogently argued that when the Crown engages in commercial enterprises, sometimes in competition with private business and sometimes as a statutory monopoly, as in the utility field, or the liquor business, full grants should be made in lieu of real property taxes. The Commission agrees with this view.

As to Crown property other than that occupied in commercial operations, the argument of the City of Edmonton was, that when municipal costs to a particular jurisdiction are created by reason of the concentration or presence of any Crown property, and the benefits or services are in the interests of the whole Province, the Province as a whole, should be responsible for grants in lieu of property taxes to the municipality involved.

The Commission, in considering the matter, realizes that important questions of policy and assessment procedure are involved, and believes it has had insufficient evidence on which to base a firm recommendation, although it is agreed a certain inequity may exist.

The relaxation by the Crown in recent years, of its right to complete immunity from taxation is no new departure in government policy in Canada, as has been seen above. The situation in Britain has some relevance as is shown by the following:-

> "Property in the occupation of the Crown is not legally liable to have local rates levied upon it and until 1861 it was not the Government's policy to pay any rates on such property. Between 1861 and 1874, however, contributions were made to the poor rate by the Government but only where the parish contained Government property to the extent of one-seventh of the rateable value of the whole property in the parish. In 1874-75 contributions began to be made to all parishes which contained any Government property, and since 1896 most Government occupied property has been valued on the same basis as other property (except that it was usually valued by the Government valuer,) the Government making a contribution equivalent to the amount of rates that would otherwise be payable to the property. Whilst this contribution is sometimes classified as an Exchequer grant, it must more correctly be regarded as a means whereby the central authority pays the local taxes, which, if it were a private person, it would have to pay in the normal way."

From "Central and Local Government", by D.N. Chester. Page 374.

(f) Recommendations.

(i) It is recommended, that the Crown in the right of the Province, make full grants in lieu of real property taxes on its commercial operations, in addition to grants already being made. For greater particularity, full grants should be made in the Cities of Calgary and Edmonton on:

(a) The Treasury Branches.
(b) The real property owned and operated by The Alberta Government Telephones, excluding transmission lines.

It is realized that the Treasury Branches and The Alberta Government Telephones are not Crown corporations. In fact, however, the Commission believes that their operations are of a commercial nature.

(ii) It is recommended that, in the cities of Calgary and Edmonton grants be made in lieu of business taxes on the Treasury Branches and Liquor stores.

(iii) It is recommended that the question as to whether the Crown should make grants in lieu of real property taxes on properties other than commercial, be considered in any further enquiry directed as a result of this Commission's recommendation below that the whole field of assessment and taxation in the Province be examined.

(iv) It is recommended, in the event no further enquiry is directed as aforesaid, that the Province recognize, in principle, beyond any present practice, grants to municipalities in lieu of real property taxes on Crown properties, other than commercial.

3. ORDERS OF THE BOARD OF PUBLIC UTILITY COMMISSIONERS RELATING TO TAXATION OF AGRICULTURAL LAND WITHIN CALGARY AND EDMONTON

(a) Edmonton - There are two principal orders of the Board of Public Utility Commissioners (hereinafter referred to as the Board) affecting the assessment and taxation levy on agricultural lands within the City of Edmonton.

(i) What may be described as the general order is dated March 28th, 1950. It was directed that where any parcel of land comprises at least 8 acres, and which is used for farming purposes by an owner or tenant who derives his livelihood mainly from his actual cultivation of such land, the buildings or improvements thereon shall be exempt from assessment and taxation; and where the parcel or parcels described in the order are more than 20 acres, and are used for farming purposes, the buildings and improvements are exempt from assessment and taxation.

This order, according to the evidence, applies to fewer than 15 parcels.

(ii) The second order, effective January 1st, 1954, covered the annexation of certain lands from Strathcona, known as Terrace Heights, Capilano, and Crescent View. The order gave effect to a memorandum of agreement between Edmonton and Strathcona, covering certain assessment and taxation matters. These were:

(a) When the area is served by city water and sewer, normal city rates will apply.

(b) Should parts of Terrace Heights or Capilano subdivisions not be served with sewer and water as a result of protests against such local improvements made by the property owners in question, the special tax rate will still terminate after some period of years to be fixed by the Board has elapsed.

(c) The City, after 1954 may apply to the Board for an upward adjustment of the property tax applying to the annexed land if other land still within the Municipal District has due to reassessment been required to pay a higher tax levy. That is to say, while the annexed area is not paying city tax rates, it will still pay to the city taxes comparable to what the said land would have paid had the land remained within the Municipal District.

It was a condition of this order that the property annexed would not be subject to debentures already issued by the City, or the rate levied to meet such debentures.

(b) Calgary

(i) The principal Calgary order was dated February, 25th, 1953, and continued, in part, an order of March 1st, 1921. It was directed that land within the city limits in parcels of 8 acres or more in extent, used for agricultural, horticultural or similar purposes is to be assessed on the same basis as would be applicable had such parcels been situate in the municipal district bordering on the city limits closest to the various parcels, and the maximum rate at which the city may tax such land is 40 mills on the dollar. The mill rate is inclusive of the debenture rate for which such lands may be liable. In consequence, farm buildings and improvements on such land, are exempt from taxation.

Certain lands annexed to the City of Calgary by Board orders, dated August 18th, 1951, and December 10, 1951, are covered as to assessment and taxation, under the terms of the principal order described above. A strip of land on the west side of the City annexed September 14th, 1954, is also covered by this order.

The assessed value of the agricultural lands covered by the principal order in 1954 was $32,850, and the tax yield $1,314. The assessment in 1955 was $97,305, and the mill rate, of course, was forty.

(ii) The Board authorized the annexation to the City of several sections on the north side of the City, September 9th, 1954. The main conditions of this order were that:-

(a) Fur farmers in the area shall not be subject to any by-law or regulation of the City prohibiting such land use until further order of the Board.

(b) In the event of the Board of Health or other lawful authority prohibiting or in any way restricting the carrying on of such business, then the City of Calgary shall compensate the said ratepayers for all loss or damage incurred thereby, the amount of which, unless previously agreed upon by the ratepayer and the City, shall be fixed and determined by arbitration under the provisions of The Arbitration Act.

(c) The parcels of land used by each of the ratepayers shall be assessed as farm lands, so long as the lands are used only for the purpose of fur farming, or other agricultural or horticultural use, and are not further subdivided or reduced in size, on the same basis as in the municipality from which they were detached, and the maximum rate at which the City may tax the lands shall be 40 mills on the dollar, such mill rate to be inclusive of the debenture rate for which the said lands may be liable.

The annexation orders applying to Calgary on the north and west sides, contain a further provision relating to small holdings occupied by veterans under The Veterans' Land Act. These holdings are to be assessed on the same basis as would have been applicable to them had such parcels remained in the municipality from which they were annexed. The maximum rate at which the City may tax such lands is to be the mill rate of Calgary, or the municipality, whichever is the lesser. This rate is to be exclusive of any rate necessary to raise the cost of local improvements abutting the parcels referred to. At the expiration of 10 years, or at such time as the veteran is entitled to take title and dispose of his holdings or part thereof, whichever may be the shorter, from the date of the annexation all such parcels shall be assessed and taxed in the same manner as other properties within the City.

(c) Analysis and Comparison of the Board Orders. The principal Edmonton order says little about the assessment of land, referring more particularly to buildings and improvements. The evidence of the Edmonton assessor before this Commission was that he followed the practice of assessing farm land on the basis of its value for use for farming purposes. Merely because farm land is close to an industry it is not assessed as industrial land. Nor because it is potentially a site for a housing subdivision is it assessed as subdivided land. The Calgary assessor follows generally the same practice. The principal Calgary order is explicit concerning the assessment of the land; it is to be assessed on the same basis as farm land in the municipal district closest to the parcel. The order says nothing about buildings and improvements, but implicit is the exemption of buildings and improvements found in The Assessment Act which governs farm land in municipal districts.

The Edmonton order says "land used for farming purposes": the Calgary order is more precise in saying land used for "agricultural, horticultural or similar purposes". One of the special Calgary orders adds "fur farming".

Further, the Edmonton order includes a significant clause as to parcels between 8 acres and 20 acres, "used for farming purposes by an owner of tenant who derives his livelihood mainly from his actual cultivation of such land". The Calgary order contains no similar qualifying provision.

The principal Edmonton order says nothing about a mill rate: the principal Calgary order fixes the maximum at 40 mills. But the Edmonton Terrace Heights order which affects more properties than the principal Edmonton order, contains a provision whereby the assessment and taxes are to be comparable with those prevailing in the adjoining municipal district. A special Calgary order contains a provision similar to this, but adds that the parcels must not be further subdivided or reduced in size. Another special Calgary order, relating to land owned by veterans provides that the maximum mill rate must be that of the municipality in which the land was formerly located, or of Calgary, whichever is the lesser.

The Edmonton Terrace Heights order provides that the property is not to be subject to the debentures of the City, or rates levied thereon. All the other orders, in both cities, explicitly or implicitly make the property subject to the debenture rate, "at which such lands are liable". This order also contains a clause providing that "normal rates" are to apply when the "area is served by sewer and water". This clause is not contained in any Calgary order.

It is apparent from a study of the above orders that the main purpose has been to carry over into the cities the assessing practices and exemptions prevailing, as to farm property, under the terms of The Assessment Act. The City Act contains no definitions of "farmer", "farmer tenant", "farming," "farm buildings" or "farm lands", all of which are defined in The Assessment Act, some of the definition clauses having been amended since some of the Board Orders referred to were made.

(d) Submissions of the Cities as to such land.

The City of Edmonton said, in its final submission: "It is therefore proposed that the building exemption provision for agricultural land should be followed within the enlarged city. It is further proposed that land located within the enlarged city, but used for agricultural purposes should be

assessed on an agricultural basis following the procedures and practices set out for municipal districts in the statutes and regulations of the province. But in any case where water and sewer facilities are made available, the building exemption should end for any building located within 200 feet of sewer and water facilities, and, in addition, the assessment of the land itself should be placed on a subdivided basis for any part of it that is located within 200 feet of sewer and water".

The City of Calgary outlined in its final submission, a proposal to divide the enlarged city area into two zones known as graded service zones A and B. The reasons given were:-

(i) It would leave relatively undisturbed the more outlying areas within the new boundaries until such time as they were ready for urban development.

(ii) The city would at no time be under obligation to extend services uneconomically beyond the limits of a service area.

(iii) By keeping taxation to a level compatible with the activity carried on it would remove the pressure from individuals to develop their land prematurely in a more intense use.

(iv) It would ensure that all areas are dealt with uniformly.

Zone "A" would be subject to the same taxation procedure now followed in the built up parts of the city. In Zone "B" the principle would be to levy taxes for the services actually provided for the time being. The assessment in Zone "A" and "B" would be uniform, but Zone "B" would be subject to a differential mill rate which would be established by the actual mill rate cost of the services provided in the zone. Zone "B" would be taxed for these services which are generally applicable over the whole area regardless of zone including education, health, hospital, administration, and so forth. It would not be charged, or charged only a fraction, for such services as public works, recreation, parks, garbage collection, and debt charges. It was pointed out that to bring into effect the new procedure would require cancellation of the main Board Order referred to above.

The proposals of the City of Calgary are interesting in the light of Section 527 of The City Act where the city council, by by-law, may describe, define and delimit any parcel or area within the city that is not used for commercial, industrial, or manufacturing purposes as an outer or farm land area, define the mode and basis of assessment for any such parcel or area,

and prescribe a lesser mill rate. No by-law under this section has been passed by either Calgary or Edmonton.

(e) Summary and recommendations as to Agricultural land within the cities.

It is obvious from the foregoing that there are variations in detail between the Board Orders in the two cities. It is important to consider whether these variations are appropriate in view of the large scale amalgamation recommendations involved in this Report. In addition, it is necessary to consider whether provisions in these orders should be continued, as equitable, as to the lands referred to in the orders, and whether some or all of these provisions should be contained in any orders or legislation giving effect to this Commission's recommendations.

The Commission believes, in general, that uniformity in the law governing the assessment and taxation of agricultural lands within the two cities is important, especially in view of the inclusion of considerable farm land. It believes further that certain equitable considerations should be provided for, considerations in part directed to the attention of the Commission by the cities of Calgary and Edmonton.

The Commission therefore recommends as follows:-

(i) That all existing Board Orders in the two cities remain in full force and effect. It should be specified that the City or any interested party be free to apply to the Board for amendment or revision of any order, or the cancellation thereof.

In both cities there is more land assessed under the provisions of negotiated orders, than under the provisions of the two main orders. However, so that no equities may appear to be disturbed, the Commission, on balance, believes that all Board Orders should remain as they are, with the provision that any interested party may apply to the Board, as stated above.

(ii) That as to all agricultural lands brought within the cities of Calgary and Edmonton as the result of the recommendations of this Commission, the following should apply:-

(a) all parcels of land of 8 acres or more used for the production of crops or livestock, or in connection with fur production or bee-keeping, to an extent whereby an income sufficient to provide a livelihood is derived from such activity shall be assessed as provided in The Assessment Act.

(b) fur farmers, hog ranchers or bee-keepers shall not be subject to any subsisting health by-law or regulation of the city without an order of the Board. In the event of any Board of Health or other lawful authority prohibiting or in any way restricting the carrying on of such business then and in such case the city shall compensate the said ratepayers for all loss or damage incurred thereby, the amount of which

(unless agreed upon between the ratepayer affected thereby and the city) shall be fixed and determined by arbitration under the provisions of The Arbitration Act; provided however, that with respect to any buildings or improvements used in connection with such business, whose erection is commenced after the date of the order of the Board of Health or other lawful authority, the city's expense of moving any such buildings or improvements or placing them upon a new location shall not exceed the cost of which would be incurred if the location were not more than five (5) miles distant.

(c) the business tax levy should not apply to fur farmers, hog ranchers and bee-keepers.

4. THE ELECTRIC POWER TAXATION ACT, AND THE PIPE LINE TAXATION ACT.

(a) RELATIVE TO CITY BOUNDARY EXTENSIONS.

A consideration of these two statutes is necessary because of boundary extensions recommended in Chapter 14. In addition, the arguments and conclusions in Chapter 10 respecting industry are of importance here, especially as regards the costs of electrical energy and gas and their relation to industrial development in the province.

(1) The Electric Power Taxation Act instructs the director of assessments to assess the "works" of every person or corporation, other than a municipal corporation, whose business is the generation or transmission of electrical power or energy. The levy may not exceed ten mills. Outside the boundaries of cities, towns and villages the tax is payable to the province; within it is payable to the municipal authority. Since 1942, by virtue of The Canada-Alberta Tax Agreement, the section authorizing the tax payable to the province has been suspended.

The City of Calgary owns the electric distribution system within its boundaries and purchases its energy from Calgary Power. The city's distribution lines cover almost all the metropolitan area, including the hamlet of Montgomery, the town of Bowness, and by a recent purchase, the town of Forest Lawn. Certain transmission lines of Calgary Power pass through the present city limits, and are taxed at 10 mills, which tax is refunded to the company, under its agreement with the city. Just beyond the present limits of Calgary and within the area proposed for amalgamation, Calgary Power has transmission lines, and as well, two large industrial customers, The Nitrogen Plant, and the explosives plant of Canadian Industries Limited. The transmission lines are at present not taxed for the reason stated above.

The City of Edmonton owns and operates its own power plant and distribution system. Calgary Power has some works and transmission lines within the city, and the 1955 assessment is $90,000, on which the rate, of course, is 10 mills. However, as pointed out in greater detail in Chapter 15, the distribution system of Calgary Power for north central Alberta is located in the industrial area just east of Edmonton. In addition the company is the exclusive supplier of heavy loads of power to the petro-chemical and other industries in the area. All the works and transmission lines of Calgary Power outside Edmonton, but within the area proposed for amalgamation, with the exception of the towns of Jasper Place and Beverly, are presently not taxed. Jasper Place and Beverly tax the

works and lines within their boundaries at the 10 mills maximum.

All the works and transmission lines of Calgary Power in any areas brought into the two cities by reason of amalgamation, would thereupon become liable to taxation at the maximum rate of 10 mills. As stated they are at present not taxed.

(2) The Pipe Line Taxation Act instructs the director of assessments to assess the "pipe line" of every person or corporation other than a municipal corporation. The levy may not exceed 10 mills, and the tax is payable to the province. Since 1942, by virtue of The Canada-Alberta Tax Agreement, the section authorizing the tax has been suspended. The statute does not apply to cities, towns and villages.

The oil pipe lines in the City of Calgary are limited in extent. In the Edmonton area they are outside the present city limits. The service lines and mains of the gas franchise holders in each city are assessed and taxed under the provisions of The City Act.

Within the areas proposed for amalgamation, particularly near Edmonton, there are pipe lines transporting oil and gas for refining, manufacturing and industrial uses. Immediately these areas come within the cities the pipe lines become liable for assessment and taxation under The City Act. As stated above, no tax is presently payable on these pipe lines.

Some apparent anomalies exist between the two acts:

(a) As pointed out, The Pipe Line Taxation Act, unlike The Electric Power Taxation Act does not apply to cities, towns and villages. To the extent that natural gas and electricity are competitive sources of energy this distinction does not appear to be fair to the former.

(b) The definition of "works" in The Electric Power Taxation Act is broader and more inclusive than the definition of "pipe line" in The Pipe Line Taxation Act. One result is that stored materials, e.g. transformers, are taxable at a maximum rate of 10 mills, while stored pipe may be taxed as personal property under The Assessment Act. At present this means that outside of the cities, towns and villages such materials under The Electric Power Taxation Act are not taxed, while similar materials relating to pipe line operations are assessed and taxed at the prevailing mill rate.

RECOMMENDATIONS

As to any areas being taken into the two cities through the extension of the present boundaries, the Commission believes that the status quo should not be

disturbed and recommends:-

(a) That "works" as defined in The Electric Power Taxation Act and at present not taxable pursuant to The Canada-Alberta Tax Agreement should continue to be free of taxation.

(b) That "pipe line" as defined in The Pipe Line Taxation Act and at present not taxable pursuant to The Canada-Alberta Tax Agreement should continue to be free of taxation.

For the wider recommendations respecting these two acts, namely, those going beyond boundary extensions and arising out of an industrial policy for the Province, see below.

(b) RELATIVE TO PROVINCIAL INDUSTRIAL POLICY.

A basic conclusion which the Commission arrived at in Chapter 10 is stated as follows:

"The principal economic advantages for industry which Alberta possesses are its abundance of oil and natural gas, which permit cheap fuel and power, and - for certain industries - raw materials. The province and the two cities ought to do all they can to ensure these advantages are maintained and made known."

In addition, the disadvantages of the province were explored. The principal ones are the small local market and freight rates. It is obvious that if industrialization is to take place on any scale our natural resources must be exploited and the products, whether manufactured or natural, must be delivered at competitive prices in distant markets.

At present, from Edmonton, oil is being delivered to the east, in the United States and Ontario, at various intervals, from an 1800-mile pipe line; and to the west in British Columbia and the north-western states from another pipe line some 800 miles in length. Natural gas is to be delivered to Ontario from Southern Alberta, and to the Pacific Coast from Northern Alberta.

In the industries, just outside the present boundaries of the two cities, electricity and natural gas are being used in enormous quantities in the course of extracting components, processing and manufacturing. Indeed, electricity and natural gas are the very life-blood of the industries. The quantity used for lighting or space heating is negligible. Put another way, one industry in the Calgary area consumes nearly as much electrical energy as the entire city of Calgary; in the Industrial Area adjoining Edmonton, the loads used by various industries individually far exceed the total loads of many towns and some cities in the province. The quantities of electricity and gas used are so large as to constitute an important factor in determining the cost of the

finished product which must find its way to outside markets and be delivered at competitive prices.

The Commission has pointed out the lack of uniformity existing at present in that electrical "works" and "pipe lines" outside a city, town or village are free of taxation but are subject to taxation within; also, that as between the two Acts, at the urban level there is a 10-mill ceiling under one and none under the other. In Ontario the transmission lines and works of power companies - whether privately owned or the property of the Hydro-Electric Power Commission of Ontario - have province-wide exemption from taxation at all levels. Other special provisions also exist relating to taxation of the mining industry which is so important to the economy of that province. Contrasted with Alberta, Ontario has a large local market near at hand, and cheap transport, including water. There are strong reasons for believing the "pipe lines" and electrical "works" of Alberta are of such basic importance to the industrialization of the province that they should be free of taxation within the urban areas, as well as outside as at present. It should be made clear that taxation of land and buildings is not involved in this discussion.

The Commission believes that the province should give serious consideration to amending The Electric Power Taxation Act and The Pipe Line Taxation Act as part of provincial industrial policy so as to provide that electrical "works", and "pipe lines" should be exempt from taxation within the province.

5. ASSESSMENT AND TAXATION OF INDUSTRY.

Under The City Act the assessor is given considerable discretion for the better determining of the value of any building or other improvements, for he may consider "any other circumstances affecting" value. The definition of "fixtures" in The City Act is broader than under The Assessment Act, where an assessor is to assess "all machinery, equipment or other things that form an integral part of an operational unit that is affixed to the land, and that is designed and used for manufacturing purposes". The City Act does not go this far, saying "all machinery, equipment and appliances which constitute an integral part of the building or other structure". Then, too, an assessor under The City Act is not directed to the same extent, and in the same manner as to land, as an assessor under The Assessment Act.

It is true that under The Assessment Act, and the authorized assessing manual, much has been done recently regarding the assessment of industrial plants. The assessor in rural municipalities must assess industrial units

annually, so that due consideration may be given to depreciation every year. "Operational obsolescence" is provided for where the efficiency of a plant is at a low level, and maintenance high. Special consideration, as well, may be given to plants in their first year of operation. The result has led to more uniformity in the assessing of industrial plants.

The practice in Calgary is to assess only machinery which is used in the actual operation of the building, and no machinery relating to the processing of manufacturing of any commodity is assessed. The same practice, generally, is followed in Edmonton.

The question of the assessment and taxation of industry was raised at great length before this Commission, and every basic manufacturing enterprise represented, expressed itself as being concerned with the level of real property taxation. No industry located in either Calgary or Edmonton and assessed under the provisions of The City Act appeared, and no evidence was presented that the level of industrial taxation in either city was considered too high. The complaints received by the Commission were from industrial concerns assessed under the provisions of The Assessment Act, and located in municipal districts bordering on the two cities.

(a) Submissions

It was submitted on behalf of several industries that the level of taxation in Alberta was too high, having regard to such factors as export markets, lack of local market, freight rates and so forth. The Edmonton Chamber of Commerce recommended that Alberta legislation should:- (1) put Alberta in the same competitive position as other provinces with respect to assessments; and (2) put all municipal or local governments in Alberta in the same competitive position with respect to assessments. The Calgary Chamber of Commerce did not submit a brief.

Counsel appearing for Canadian Chemical Company Limited referred to the definition of "fixtures" contained in The Assessment Act as including "all machinery, equipment and other things that form an integral part of an operational unit that is affixed to the land and that is designed and used for manufacturing purposes". He further submitted "that this penalizes and will serve to deter manufacturing industries whose capital costs are largely represented by specialized and intricate machinery and equipment". Legislation, it was

added, should be provided that the flexibility under the assessing provisions of The City Act be made to apply to the whole province; or better still, that the provisions of "The Assessment Act" of Ontario relating to the exemption of machinery used in manufacturing be adopted in Alberta. In that Act "all machinery and equipment used for manufacturing or farming purposes, including the foundations on which the same rest" is exempt from taxation; and there is a similar provision in the Charter of the City of Montreal. Britain, in 1928, introduced an elaborate scheme for derating industry and agriculture, as part of a national policy to encourage both. It was also pointed out that the Parliament of Canada in 1945 exempted machinery and apparatus to be used in manufacturing, from the federal sales tax.

The representative of an industrial concern stated: "the level of municipal tax payments in Alberta is very much in excess of what is being paid by similar industries in Ontario and Quebec and in the U.S.A. and elsewhere". He went on to assert that industry locating here is at a tax disadvantage.

The statement was made in the brief of a large primary industry - "it is reasonable that plant and machinery should not be taken into assessment of industry", and a uniform assessment act was recommended. The evidence before the Commission was that processing equipment in some of the manufacturing plants is as high as 65% to 75% of the total assessed value. In refineries it may reach 90%.

In Calgary, a manufacturing concern submitted that there was a lack of uniformity in the method of assessment as between the cities and rural municipalities. It was urged that consideration should be given to some method of achieving a uniform method of assessment on a province-wide basis. It was claimed that the mechanics of assessment in the province should be the same, no matter where an industry is located. The Commission was requested to recommend a review of assessment procedures, and an amendment to The Assessment Act providing for the "non-assessment" of the process machinery and equipment of industrial plants.

Another submitted that an analysis of modern tax legislation shows a noteworthy trend towards the reduction or elimination of taxes which increase costs of production, such as taxes on machinery and equipment used in manufacturing. It was argued that in Alberta no attempt has been made to assess and tax the plant and machinery of farmers when such equipment is used for farming purposes. As farming is broadly dependent on the export market, so is primary

industry, and, the argument ran, if it is sound to exempt machinery and equipment used on farms for farming purposes, it is equally sound to exempt them in the case of primary industries.

To sum up the arguments of industries appearing before the Commission, nearly all were unanimous in declaring that the assessment statutes and regulations need clarification and simplification. Indeed, at one point, interest was expressed in the possibility of the province itself undertaking the assessment and taxation of "primary" industries, and sharing the taxes through the application of some formula. There is some analogy in the legislation providing for the licensing of seismographic recording and drilling equipment, and mobile construction equipment. It was agreed that the definition of "primary industry" was a difficult one, and no clear conclusion or recommendation was submitted on this point.

It was stated that until 1903, Ontario had a somewhat similar assessment and taxation situation. Originally, largely agricultural, the pattern changed until today it is the most highly industrialized province in the dominion. Uniformity in assessment legislation was early seen to be necessary. The personal property tax was abandoned, and a uniform business assessment authorized.

Attention was directed to the fact that Alberta has to compete with other areas, some of which are highly industrialized. Assessment and taxation, apart from any other considerations, it was advocated, should be on such a basis of uniformity, clarity and simplicity, that this province is not handicapped!

It was maintained that a modification of our present assessment practices and statutes along the foregoing lines would tend to encourage modernization of equipment and automation; and a taxpayer who provides some of his own service facilities such as fire protection, sewer and water would no longer be penalized. In addition, an alleged undue discrimination against industry with a large capital investment not attended by equivalent demands for education and general municipal services would be reduced. It was also said that the natural resources of the province are not likely to be fully exploited if municipal taxation lacks uniformity, and in some instances, is unfair.

The City of Edmonton did not wish to support or oppose any proposal for a new basis of assessment and taxation of industrial plants. It wished, however, "to assert strongly" two basic principles:-

(i) The assessment practice should be uniform over the whole province. Special concessions should not be allowed in certain municipalities unless similar concessions are available for similar plants located elsewhere.

(ii) The assessment level should be high enough to yield to the municipality concerned sufficient revenue to allow it to carry out its responsibilities, and should be at a level which gives a satisfactory division of the burden of local taxes as between industrial, residential, commercial and agricultural property.

<u>The City of Calgary</u> submitted that consideration should be given to the principle of "preferential taxation" for industry. It was recognized that there are many ramifications to this proposal, and it "should only be dealt with on a province-wide basis". It was said, "individual cities should not be in a position where they can compete with one another for industry by granting tax concessions". Nor it is implied, should there be the possibility of competition between any municipalities on the basis of an assessment or tax preference.

(b) <u>Comments and recommendations</u>

The Commission has been much impressed by the arguments presented to it with regard to the apparent necessity for change in the assessing statutes and regulations, leading to further uniformity, and the exemption of process machinery and equipment. Especially is the Commission mindful of the importance of taking advantage of every reasonable legislative opportunity, as the province enters a new day with rapid industrialization following the recent major discoveries of oil and gas. The Commission believes, however, on the basis of its own studies and researches, for there was no evidence on this matter, that were all process machinery and equipment to be exempted, a serious result might follow, especially in rural municipalities, towns and villages, with a drastic shifting of the tax burden. In addition too, there was little or no direct evidence as to the total weight of real property taxation in other jurisdictions. To be specific, because the Ontario situation was so frequently cited, while in that province machinery and equipment used in manufacturing is exempted, there is a province-wide graduated business tax, levied by municipalities, based on a given percentage of the assessed value of the land. The Commission, to weigh the matter properly, would like to have seen some assessment and tax comparisons between typical Ontario industries and similar industries in Calgary and Edmonton on the one hand, and with rural municipalities, towns and villages on the other; in all cases, including the business tax or the personal property tax where applicable. With the evidence before it, in addition to its own studies, the Commission is not satisfied that the total weight of real property taxation plus the business tax in Ontario, would be any less than in the Alberta cities.

The Commission believes, on the evidence submitted, that further steps towards uniformity in assessments in the province should be taken. There is no merit in uniformity for the sake of uniformity, but there is a need where any lack of it, either because of legislation or variation in assessment practices, leads to complaints of unfair taxation in one part of the province as against another, whether it be industry, business, farms, or residences. Assessments, as a basis for local taxation and as a method of distributing the tax burden among property owners in a given area, as a measure of the financial strength of a local community for determining provincial grants, and as a method of distributing the costs of services between municipalities, should be on as broad a basis of uniformity as possible. And the uniformity implied from the evidence should not be misunderstood; what was meant was uniformity of legislation and uniformity of practice.

The Commission, in reviewing the whole matter, is of the opinion that its terms of reference are too narrow, and its field of inquiry too limited, to make firm recommendations, which, if implemented, would affect the whole province. Unilateral evidence, however persuasive, should not be the basis, in a matter of such importance, of final recommendations. But, because of the growing industrialization of the province, and the importance generally of assessment procedures and practices, especially as regards province-wide uniformity, it is the recommendation of this Commission that a full enquiry be directed into assessments, especially assessments of industrial plants; and into the necessity for further uniformity leading to the possibility of one assessment act for the whole province. Any further enquiry, in the opinion of the Commission should consider such matters as to whether:-

(1) There should be more uniformity between the cities, considering particularly whether:

(a) the business tax should be levied on the same basis,
(b) the assessments should be on the same base year,
(c) the proportion of the assessment on which the mill rate is levied should be uniform.

(2) The province should:

(a) prepare the necessary assessment indices and conversion tables for the cities, as it now does for all other municipalities,
(b) assess and levy on primary industries, and distribute the tax yield to the municipalities.

(3) The personal property tax should be abandoned, and in its stead a uniform base for the business tax be made applicable to all municipalities in the province.

(4) The process machinery and equipment used in manufacturing should be wholly, or partially exempt.

(5) The whole matter of exemptions now prevailing should be revised.

CHAPTER 10. INDUSTRIAL DEVELOPMENT.

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OUTLINE OF CHAPTER CONTENTS

1. Introductory

2. A changing and diversifying economy (a) by net value of Production
   (b) by changing occupational pattern.

3. Some advantages and disadvantages of industrialization.

4. Recent prosperity.

5. Alberta's industrial prospects.

6. The labour force in Edmonton and Calgary.

7. Resource development and urban growth.

8. Industry and the urban economic base.

9. Location of industry.

10. Methods of attracting industry.

    (a) information services
    (b) planning and facilities.
    (c) financial inducements.

11. Conclusions.

CHAPTER 10. INDUSTRIAL DEVELOPMENT

1. INTRODUCTORY

"Orderly development" of the two cities and the surrounding areas is specifically mentioned in the terms of reference of this Commission. Development means, among other things, the economic development of the two areas, and this in turn involves the existing and future industrialization of the two areas. Indeed, a good part of the public hearings was taken up with such questions as: should industries already established in the areas be brought within the city limits? What are the advantages and disadvantages of Alberta as an industrial province? How should industry be assessed and taxed?

If these, and similar questions, are to be answered at all satisfactorily they would require exhaustive and lengthy investigations, far more than this Commission has been able to undertake. For that reason among others, no recommendations have been made which would radically change the assessment and taxation of industry in the province. (See Chapter 9.) Nevertheless, in view of the extensive evidence on the subject of industry, the Commission feels obliged to devote some space to this and kindred topics.

In order to put the discussion in its perspective, a glance at the nature of the Alberta economy will be in order, noting first of all the broad changes that are occurring.

2. A CHANGING ECONOMY

(a) By net value of production

On examination of the statistics, we see the relative decline of some industries, and the relative increase of others. Agriculture, which used to account for some 60 to 70% of the total net value of commodity production, has accounted since 1945 for only some 45 to 60%; while fisheries, trapping and forestry together account for less than 2%. The substantial gains since the war have been in mining, including oil, which by 1952 had risen to 16.1% and the construction industry in all its branches, which had risen to 18.4%. Manufacturing at 16.8% was about at the pre-war percentage, although it should not be forgotten that manufacturing has made great gains since the year 1952.

The value of the older primary industries - agriculture, forestry, trapping and fisheries - has however continued to increase in terms of absolute figures. This is particularly true of agriculture, which in 1951 had climbed to a net production value of over $500 million (1952 = $483 million), as compared with $126.4 million in 1938. Moreover, in 1951 agricultural production was still

53.8% (1952 = 45.5%) of the net value of all commodity production. There is no question, therefore, about the importance of agriculture, which will continue to be the mainstay of the province for a long time, despite the more spectacular and newsworthy developments in other fields.

The following table shows how the different industries contributed to the net value of production for 1952.

TABLE 1
NET VALUE OF PRODUCTION, BY INDUSTRY
ALBERTA, 1941-52 (IN MILLIONS OF $ AND BY %)

	1941		1946		1950		1952	
	AMT.	%	AMT.	%	AMT.	%	AMT.	%
Agriculture	161.6	59.7	242.7	58.2	326.4	45.8	483.0	45.5
Forestry	6.4	2.3	11.2	2.7	7.2	1.0	10.8	1.0
Fisheries	.4	.2	1.3	0.3	.4	0.1	.7	0.1
Trapping	1.9	.8	3.0	0.7	1.9	0.3	1.7	0.2
Mining	36.2	12.6	51.0	12.2	122.5	17.2	171.1	16.1
Elect. power	6.3	2.5	9.0	2.2	13.9	1.9	19.5	1.9
Manufactures	41.0	14.5	74.0	17.7	123.9	17.4	178.2	16.8
Construction	15.8	4.9	25.1	6.0	115.8	16.3	195.6	18.4

SOURCE: Compiled from Canada Year Books, various years.

Agriculture and the older primary industries have become relatively less important in the economy of the province by reason of the rise of other industries. Of these newer commodity industries, the more outstanding have been mining (including oil) and construction and, in the last few years, manufacturing.

In mining and construction, the post-war rate of increase has been faster than in the rest of Canada. The reason for this, in the main, has been the tremendous growth of oil development, and it must be remembered that petroleum accounts forthe bulk, some 80% of the value of mining production. Mineral production in Alberta for 1954 was $281, million, to make the province second only to Ontario in value. Of the total, $230 million was petroleum. (The number of barrels produced was 87.7 million.) It must also be remembered that a large proportion of the construction industry depends directly on oil - in refining, gathering and trnsport (pipelines), road construction, well-site construction, and the like. Indirectly, the effects must also have been substantial, although it is impossible to measure the value of construction which is indirectly traceable to oil. Construction and mining, together accounted for 34.5% of the total net commodity production in 1952.

Although manufacturing increased in net value from $30.7 million in 1938 to $141.7 million in 1951, and $178.2 million in 1952, it did not do so faster than the national average, and the rate was exceeded by that in Ontario and

British Columbia. By 1952 the value of manufactured chemical products was only $11 million and not until 1954 was there the beginning of large scale chemical manufacturing. From then onwards a tremendous growth in the output value of the chemical industry will be apparent.

If we consider the net value of all commodity production per capita, then Alberta stands high. From 1948 to 1951 it was higher than the prairie average, and even then the Canadian average, as the following table shows.

TABLE 2

PER CAPITA NET VALUE OF PRODUCTION IN $.

YEAR	CANADA	PRAIRIE PROVINCES	ALBERTA
1941	410	294	348
1946	525	487	542
1947	612	547	598
1948	742	756	838
1949	756	744	826
1950	798	697	804
1951	948	958	1068
1952	965	990	1094

SOURCE: Compiled from Canada Year Books, various years.

(b) By occupational changes.

The figures above have referred to net value of commodity production by industry. But any economy produces much more than commodities. It produces also innumerable services, which are more easily overlooked because they are less tangible and measurable. These include financial, transport, professional, government, personal services and so on. Our standard of living is made up of these services as well as of physical commodities, and they must all be taken into account to arrive at a picture of the total economy. The best way to do this, and to see the diversification that has come about in the province is to look at the occupational shifts of the population.

The relative importance of agriculture as an occupational group has been declining since the 1920's, and in recent years there has been also an absolute decline. That is, despite the rising population of Alberta, the number employed in agriculture has been falling, and what is true of agriculture is also true of several other of the older, primary industries - forestry, fisheries, trapping. They have all lost workers in absolute terms, and with the rise of other employment, the relative decline has been even more noticeable.

The labour force engaged in all branches of agriculture in the province was as follows in recent years:

1941 - 141,196 or 47.3% of the labour force
1946 - 121,547 or 40.2% " " " "
1951 - 115,024 or 32.5% " " " "

There were in fact slightly fewer males in agriculture in 1951 than in 1921, although more land was cultivated and productivity was much higher. The decrease in numbers probably continued since 1951, but whereas the number in agriculture has fallen, the number in the service industries has increased, the only exception being those in service in private homes which dropped by 55% from 1941 to 1951. (The domestic servant is going the way of the dinosaur.) The increase is also marked for retail and wholesale trade, manufacturing, transport and its relations, construction, and mining. Within the mining group however, the numbers engaged in coal mining decreased over the decade from 7,953 to 6,694, while in oil and gas wells, including exploration, the numbers grew from 1,773 in 1941 to 8,733 in 1951.

The following table shows the employment decline in agriculture and the increase in certain other industries between 1941 and 1951. The enormous rate of increase due to oil and gas development will be noted. In construction, the large change is characteristic of a boom accompanied by population increase.

TABLE 3
LABOUR FORCE CHANGES, SELECTED INDUSTRIES, ALBERTA
1941, 1946, 1951

INDUSTRY	NUMBER ENGAGED 1941	1946	1951	% INCREASE OR DECREASE
Agriculture	141,196	121,547	115,024	- 18.5
Service (government, health, education, etc.)	48,483	64,139	71,789	+ 48.1
Trade (retail and wholesale)	26,284	30,055	46,771	+ 77.9
Transport	14,929	18,112	22,218	+ 48.8
Construction	10,372	12,945	25,662	+ 147.4
Coal Mining	7,953	7,946	6,694	- 15.8
Oil and gas wells (including exploration)	1,773	2,041	8,733	+ 392.6

SOURCE: Compiled from Census of Canada.

Although the number in manufacturing is impressive, having almost tripled since 1936, and standing at 35,635, or 10% of the labour force in 1951, these figures should not lead to a wrong impression. Alberta is still not an industrial province, if comparisons are made with certain other provinces and with Canada as a whole. For instance, nearly a third of Alberta employment is in agriculture, while for Canada as a whole the fraction is only one-sixth. Canada and Alberta are both becoming more industrialized, as we can see from contrasting 1951 with a decade earlier, when one-half of the employment was in agriculture in Alberta, and a quarter in all Canada. Put it another way, whereas in Alberta one-tenth of the employment is in manufacturing, for all Canada the fraction is one-quarter. (By net value of production, manufactures was 16.8% of the Alberta total in 1952, while in all Canada the proportion was

54.3%.)

In summary, then, the occupational pattern of the province is altering. Some of the older industries such as agriculture, forestry, trapping and fishing, have actually lost workers, while manufacturing has increased greatly, and the same is true of workers in construction, utilities, trade, finance and other services. The oil industry does not appear at first sight to look very large in terms of employment. It was still only 3% of the total by 1951, but naturally this does not include all the indirect employees such as those in the construction and other industries which cater for the oil industry.

3. SOME ADVANTAGES AND DISADVANTAGES OF INDUSTRIALIZATION

There is no doubt that the Alberta economy is becoming more diversified, or what amounts to the same thing, it is becoming more urbanized and industrialized. Like most changes, this has both advantages and disadvantages.

A relatively minor advantage of the urbanization is the enlarging local market for farm products. We must say minor because the bulk of the market, for most farm products, is still outside of the province, and in the case of wheat, the chief market is outside of the country. It is the urbanization and population increase going on in the rest of Canada and elsewhere in the world which will bring most benefit to Alberta agriculture.

A major advantage of diversification is that it should make the Alberta economy less unstable and erratic. The economy in the past, being largely agricultural, has been subject to weather and climatic conditions, as well as being highly sensitive to market conditions and prices. Farm income and hence provincial income, has thus been irregular. There have been several periods of sharp ups and downs: a depression in the early 20's followed by a partial recovery in the late 20's, followed by collapse in the 30's and a slow recovery in the late 30's, since when all was sweetness and light, until farm income, both cash and net, reached its peak in 1952, after which a large decline is apparent.

TABLE 4
FARM INCOME FROM SALE OF FARM PRODUCTS
ALBERTA 1952-54

	(IN MILLIONS OF $) 1952	1953	1954
Cash income	507.4	457.0	386.7
Net income	359.8	300.7	117.0

SOURCE: D.B.S. estimates (and B. of N.S. Review, Sept. 1955)
1952 was also the peak year for sales of farm implements. For the first 9 months of 1955 the cash income of farmers was slightly better than in the same period of 1954.

In 1927 Alberta personal income per capita was the highest in Canada but in the 1930's only Saskatchewan fell lower, while in the last 15 years or so it has mostly been above the Canadian average, as the following table shows.

TABLE 5
PER CAPITA PERSONAL INCOME IN $.

YEAR	CANADA	PRAIRIE PROVINCES	ALBERTA	TOTAL PERSONAL INCOME, ALBERTA IN MILLIONS OF $.
1941	512	389	407	324
1946	794	782	829	666
1947	828	820	859	709
1948	931	989	1,019	870
1949	949	996	1,012	896
1950	978	963	1,009	921
1951	1,120	1,230	1,255	1,179
1952	1,187	1,280	1,294	1,255
1953	1,224	1,238	1,283	1,286

SOURCE: Alberta Bureau of Statistics.

Today, with a higher portion (nearly 70%) of the employment in other industries, the risk is spread, and the annual variations of income commonly found in agriculture will affect the province less, because they will affect directly a smaller part of the population. Moreover, the wage and salary component of personal income is generally more stable than farm income.

On the other hand the industrial sector of the Alberta economy, with markets elsewhere, is also highly susceptible to variations in economic conditions outside of the province. Dependence on agriculture is reduced, but dependence upon the general level of employment and income in the country and the world at large is, if anything, increased.

An important difference between industry and agriculture is that whereas when depressed markets and prices hit agriculture, although farm income falls, unemployment is not apparent; while an industrial economy that falls from its high level of prosperity is immediately subject to severe unemployment. In proportion as it becomes more urbanized and industrialized therefore, Alberta runs the risk of heavier unemployment should a depression occur.

Other advantages of industrial development are that it broadens the assessment base of local government, and provides employment locally so that the province may retain its natural increase of population. The chief advantage of industrialization is of course that it raises productivity and hence the standard of living.

With regard to industrialization and the tax base one or two caveats may be entered. We have seen in earlier chapters that the largest factor in the

financial difficulties of the two cities in recent years has been the rapid population growth. Further growth - however it comes about - will not cure these difficulties, and will enhance the need for "social capital". Only if the two cities became more and more industrial towns - like Brantford or Oshawa say, with more than half the employment in manufacturing - would the tax base be broadened enough to carry the local expenditures. But this is a remote possibility, since Edmonton and Calgary are metropolitan centres, providing a large range of services to a large hinterland; and new industry coming to the area seems likely to generate enough population to add to local civic costs at least as much as it adds to civic revenues. While economically advantageous to employees and all others concerned - and therefore greatly to be desired - industrial expansion (especially if it is rapid) will undoubtedly throw a burden upon local finances, which can only be met by some combination or other of the means recommended in Chapter 6. (From the civic finance point of view, the best kind of industry is one with very high capital investment per worker and best of all would be a completely automatic industry run by robots!)

As with all economic change, there is a short-term price to pay in terms of dislocation and other factors, but the long-run gains are usually considered to more than offset the disadvantages. So general is this attitude that it has now become almost second-nature, and nearly every country, province and city takes it for granted that it should promote industrialization. This Commission does not wish to become embroiled in debate on the deeper philosophic issues involved, but accepts as a premise the need for further industrialization of the province.

4. RECENT PROSPERITY

Before the war, the reasons for the growth of Alberta were that it was a centre of agricultural activity and the secondary activities based on agriculture. The period since 1939 was one of high prosperity, as farm prices rose more than costs, and there was no drought. The impact of the war on the province was extremely favourable, from an economic point of view. The war-induced prosperity moreover, was maintained with civilian building and construction held to a low level, for obvious reasons.

The boom after the war was based on a number of factors: the heavy consumer expenditures which had been held in check during the war, continuing high farm prices, the oil boom and the tremendous capital spending associated with it, and in recent years the large investments in manufacturing. Building and construction went ahead phenomenally, in sharp contrast to the war years.

It may or may not however, be a lastimg boom for the province, since if farm prices continued to fall, or the tremendous investment slackened off, the results could soon be distressing as the economy contracted.

The heavy investment, especially in the oil industry, and the increasing industrialization, have of course been among the chief factors leading to the urban growth. To put the causes of urbanization in more general terms: these have been the increasing employment opportunities which have opened up in the urban areas, while in addition resident and retired farmers have gone into the towns to live.

5. ALBERTA'S INDUSTRIAL PROSPECTS

Alberta is a province comparatively rich in natural resources, particularly in agricultural land, coal reserves, and the oil and natural gas which have become world famous in recent years. There are also substantial forests on the eastern slopes of the Rockies. The province has little anthracite, or high-grade coal however, and coal mining is a declining industry, despite federal railway subventions. The immense coal reserves, said to be half the Canadian total, are thus only a potential resource, although coal may have a future some day as a raw material for chemical industry.

The resources which presently promise most for industrial development are the oil and natural gas reserves, of which Alberta has over 90% of the Canadian supply, without counting the Athabasca tar sands, which remain as yet only a potential resource. The natural gas reserves in 1954 were estimated to be 15 trillion cu. ft., and crude oil reserves at some 2 billion barrels.

Apart from the advantages of the resources mentioned, Alberta has a considerable advantage in enjoying political stability, an element which is sometimes lacking in those parts of the world which are sitting on oil fields. It has also a government and a public which welcomes new investment from abroad, a factor that has been especially important in the oil industry. The slogan of the province is "Where Business and Industry Co-operate".

There are some drawbacks however, which should not be overlooked in any realistic inventory. First, there is the climate, which sets limits on the diversification of agriculture possibilities, and sometimes brings hail and drought. The climate also makes much of the construction industry seasonal or, if construction is continued in the winter, then high cost.

Again, there is not any great water power resource for cheap hydro-electric

development, although this is not a serious drawback because there is alternative cheap fuel in the form of natural gas and coal. Industries to which power is a high proportion of cost are exceptions however, since to industry in general power is only a minor cost. (Edwin J. Cohn, Jr., Industry in the Pacific Northwest and the Location Theory, New York, 1954.)

Further, other minerals are few. Metallic minerals are present in only small quantities so far as is known. A few non-metallic minerals other than oil are present in commercial quantities - e.g., salt, gypsum, clay - but the total production is not large for all of them combined. Finally, much of the forest is inaccessible, (i.e., costly to exploit,) but pulp and newsprint demand is so insatiatiable, that two mills are now in prospect.

The chief drawback to manufacturing on a large scale however, is the absence of a really large local market. To put it in another way, Alberta is a long distance from major markets, whether on this continent or overseas. Because of the distance, the costs of transport to market are high, except for the market within the province and on the prairies. Only about 20% of the refined petroleum products of the Alberta refineries was marketed outside the province in 1953, most of it in neighboring provinces. In short, the large markets for Alberta manufactured goods have to be supplied in competition with producers who are nearer the markets, in miles or in terms of lower transport charges.

Transport costs have historically affected agricultural products, as everyone knows. When farm prices have been high or rising, then the transport costs can be met, because they are relatively rigid and become a small proportion of the product price; but when product prices are falling, transport costs being rigid take a higher proportion of the price, so that net farm incomes decline sharply as they have done since 1952. Presumably also manufacturing industries would be subject to the same fluctuations of income providing they turned out goods whose prices fluctuated.

Naturally the more bulky and cheap the commodity per unit weight, such as coal, the more of a handicap the transport costs become; while the more high priced the commodity per unit weight, the better it can stand high transport costs.

It was given in evidence that "the biggest obstacle to industrial development in Alberta is lack of a large local market ... Any really large scale petrochemical industry would have to look to outside markets... The products most likely to be on a sound competitive basis are the comparatively

high priced chemicals having large fuel and hydrocarbon raw material requirements, and whose transportation cost to market represents only a small fraction of the manufacturing cost. Products of integrated chemical industries like synthetic fibres, plastics, synthetic rubber, explosives, and fertilizers might fall into this category". Calgary officials expressed some concern that with the new equalized freight rates from the East introduced in 1955, Calgary would be less favourably situated than Edmonton.

Moreover, as was also pointed out, with pipeline transport of natural gas it is possible to erect plants at the eastern terminals rather than in Alberta, particularly since pipeline transport is relatively low cost, and if the raw material product yield per unit is high. But at present the chief use for natural gas is for energy purposes rather than as a raw material.

Coal and wood have traditionally supplied Canada with most of its energy requirements and not until 1951 did coal drop below 50%. Excluding wood, by 1953 coal supplied 47.6%, oil 39.1%, hydro-electric power 9½%, and natural gas 4%. (O. J. Firestone, Canada's Growing Economy and Energy Requirements, June, 1954). The most rapid advance has been in oil in recent years, but with gas pipe lines now being built, rapid increases will no doubt take place in the use of that fuel. From a regional or provincial point of view however, it becomes difficult to say that the possession of energy resources determines the level of industrial activity. Fuel is transportable. It would thus be a mistake for Alberta to hold onto its fuels, on the grounds that they may be needed later for industry in the province, especially with research on atomic power going ahead so rapidly. Fortunately therefore the market outlook for natural gas outside Alberta looks bright.

The kind of manufacturing for which Alberta and similar places have traditionally been noted is that of processing local farm products, for instance flour milling and meat packing. The processing of local oil and gas to give a variety of chemical products is a natural extension of this trend, as are the explosive and fertilizer plants at Calgary, and the new chemical plants at Edmonton. These industries, unlike the oil refineries, do not as a rule produce chiefly for the local or prairie market, but find their markets elsewhere in Canada or outside the country. Into this category too falls the proposed pulp and paper mill in the Alberta foothills west of Edmonton. Now and then the processing may assume a form like aluminium making, or nickel refining, where the decisive factor is not the raw material, but large quantities of cheap

electricity or gas, e.g., Kitimat at the West coast, and the Sherritt Gordon plant near Edmonton.

Of course, as the population of the province and the prairies increases, secondary manufacturing and service industries grow too, especially of products on which transport costs from the east is high, such as soft drinks and beer. These secondary industries may supply either the public directly, or other industries which have been established in the province. The freight rates give them a sheltered market like that provided for some industries by customs tariffs.

Corresponding to Alberta's disadvantages mentioned above, Eastern Canada, especially southern Ontario and the St. Lawrence valley, have overwhelming advantages of location for manufacturing. They have a large market nearby,two-thirds of the Canadian population being in Ontario and Quebec alone. They have a large pool of skilled labour; suppliers of parts and materials are nearby for industries which may settle in the area; cheap water transport for heavy raw materials import, and for carrying heavy goods to markets; good roads and rail transport; cheap power, as at Arvida; and they are near the United States, whence branch plants are easily established in Canada.

With all these eastern advantages it is fairly obvious that a province such as Alberta starts its industrialization programme under heavy handicaps. We mention them, not in a defeatist attitude, but because it would be unwise to repeat the extremes of wishful thinking which were so sommon on the prairies before the first world war - in those glorious days of "The Last Best West", when every second hamlet was certain it would become another Chicago.

But when all of this is said, a realistic analysis gives plenty of ground for solid hope. We may take note, for example, that over the longer period of 1929-53 Alberta has been the second most rapidly growing province, in terms of growing regional economy.) (Firestone, op. cit.) And it is the rate of growth which counts in the longer run.

6. THE LABOUR FORCE IN EDMONTON AND CALGARY

The following table gives the percentage of the labour force in selected occupations in certain metropolitan areas of Canada.

TABLE 6
LABOUR FORCE, CENSUS METROPOLITAN AREAS, 1951

METROPOLITAN AREA	MANUFACTURING	TRADE, TRANSPORT & COMMUNICATIONS	FINANCE & SERVICES (including government & defence)
Calgary	17	33	33
Edmonton	15	32	34
Winnipeg	25	36	29
Vancouver	25	32	30
Toronto	36	26	27
Montreal	38	26	27
Hamilton	52	19	19
Windsor	52	20	19

SOURCE: Census of Canada. The portion of the labour force not accounted for in the table was engaged in primary industries, construction and utilities. Some other eastern cities (e.g., Brantford and Oshawa) show an even higher percentage in manufacturing.

It is plain from Table 6 that Calgary and Edmonton did not, in 1951, rank among the leading manufacturing centres. It will be noted too that the really large metropolitan areas of Montreal and Toronto have smaller percentages in manufacturing than certain other cities. This is in keeping with findings in other countries, namely that the largest cities are not generally the ones with the highest percentage in manufacturing. Calgary and Edmonton however are not so large that they can afford to be indifferent to the occupational grouping of their population and the encouragement of manufacturing industry.

As yet Calgary and Edmonton are mainly distributing and shipping centres, providing too the many government and other services required by their hinterland, in agriculture, oil exploration, northern developments, etc. The industrial growth of the cities may expand however, and is expanding, in industries using gas as a cheap fuel, or oil and gas as raw materials locally available.

The following figures show the increase in employment in the two metropolitan areas in recent years.

		EDMONTON METRO.	CALGARY METRO.
		(1949 = 100)	
Index of employment * (industrial)	1947	82.1	90.9
	1954	144.4	131.5

SOURCE: D.B.S. (Annual Review of Employment and payrolls).
* Comprising manufacturing, construction, wholesale and retail trade. For the province as a whole the index of employment was 88.1 in 1947 and 127.6 in 1954. In mining in the province, for coal the index was 101.0 in 1947, and 55.5 in 1954; for oil and gas (mining category) the index stood at 51.2 in 1947 and 186.9 in 1954. For all indices, 1949 = 100.

The following table shows the labour force in the two cities.

TABLE 7
LABOUR FORCE, CALGARY & EDMONTON, 1951 & 1955

	CALGARY		EDMONTON			
	1951		1951		1955	
INDUSTRY	NUMBER	%	NUMBER	%	NUMBER	%
Agriculture, Forestry & Logging, Fishing & Trapping	680	1.2	686	1.0	700	0.7
Mining, Quarrying, Oil & Gas	1,996	3.5	2,012	3.0	3,300	3.4
Manufacturing	9,654	17.1	10,061	15.0	18,500	19.2
Electricity, Gas & Water	1,180	2.1	875	1.0	1,100	1.1
Construction	5,274	9.4	8,073	11.9	11,500	11.9
Transportation, Storage & Communication	5,511	9.8	6,990	10.4	8,500	8.8
Trade	13,285	23.6	14,670	21.7	20,000	20.7
Finance, Insurance & Real Estate	2,765	4.9	2,675	4.0	3,000	3.1
Service	15,752	27.9	21,097	31.2	30,000	31.1
Not stated	283	.5	572	0.8	-	
	56,380	100	67,711	100	96,600	100

SOURCE: Compiled from Census of Canada, 1951, and city estimates for 1955. No estimate is available for Calgary 1955.

The city of Edmonton has estimated, that with a population of 400,000 by 1980, and a labour force of about 166,500, the labour force will be distributed as follows:

TABLE 8
LABOUR FORCE, EDMONTON 1980 (ESTIMATED)

	NUMBER	% IN EACH INDUSTRY
Agriculture, Forestry, etc	1,000	0.6
Mining, Oil and Gas	3,500	2.1
Manufacturing	40,000	24.0
Electricity, Gas and Water	2,000	1.2
Construction	12,000	7.2
Transportation	15,000	9.0
Trade	36,000	21.6
Finance	5,000	3.0
Service	52,000	31.3
	166,500	100.

SOURCE: Brief of city of Edmonton to Gordon Commission, Nov. 1955.

The extraordinarily large increase anticipated in manufacturing is based on the rapid development of the last 4 years, and the expectation of large developments in primary and secondary industry in the city.

7. RESOURCE DEVELOPMENT AND URBAN GROWTH

Canada is thought of as a country which has been built up by developing its vast natural resources of land, forests and minerals, and much the same has historically been true of Alberta. What is forgotten however, is that every great development of natural resources causes the cities and towns to grow much more than the farming, forest, and mining frontiers which are being developed. The opening up of frontiers typically adds more to urban than to frontier population. The opening of the prairies, for instance, added as many people to a few big cities in eastern Canada as to rural Saskatchewan and Alberta combined. In the post-war oil and construction boom in Alberta too, the bulk of the population increase so generated has been elsewhere, especially in the United States and eastern Canada.

Within the province itself the same is true mutatis mutandis. The resource development in the hinterland of Alberta, whether metal mining in the north, or oil or gas drilling, or pipeline building, has stimulated Calgary and Edmonton, and other urban areas, and added to their population, far more than to the population in the hinterland itself.

The reason for this phenomenon is not obscure. It occurs because the resource development creates a demand for goods and services, of both a capital and consumer nature, which is supplied by the urban centres; and thus the financial, commercial and industrial development of urban areas is stimulated. This is particularly true of oil, because the direct expenditure in Alberta, mostly on labour, is a small part of the total investment, which has been on capital goods, mostly in the United States. Only if the industrial, financial and commercial demand could be met within the province itself would Alberta be the chief beneficiary.

So far as we can tell from the various signs and indicators, while consumer spending since the war was high in Alberta - as might be expected - investment spending was also high; indeed the proportion was higher than in the country as a whole. Much of the capital spending must have been on goods not made in Alberta, and indeed it is common knowledge that the great bulk of capital goods - whether steel, lumber, machinery, etc. - is in fact brought in from elsewhere.

The private investment (that is, by individuals and corporations) has been in a number of fields - in manufacturing, utilities, agriculture, and housing, in addition to mining and oil wells. Public investment (that is, capital expenditures by governments) chiefly on public works, has also been high, so that provincial-municipal investment combined, on a per capita basis, in recent years, has caused Alberta to be second only to British Columbia.

Total investment reached a high point in 1953 after which there was a decline to 1954, and a rise again in 1955 - and the same is true of both components within the total, both private and public. The level is more than double that of 1948. The table below gives the over all figures.

TABLE 9
INVESTMENT IN ALBERTA, 1948-55 (IN MILLIONS OF $)

	1948	1950	1952	1953	1954	1955
Public investment, (institutional services and government)......	74.3	90.2	134.8	198.9	145.5	154.6
Private investment...	315.8	431.0	626.4	698.2	627.7	663.6
Total	390.1	521.2	761.2	897.1	773.2	818.2

SOURCE: Alberta Bureau of Statistics.

With public and private investment abnormally high in Alberta, we do not know however how much of the prosperity and employment (and hence population) has been generated in Alberta by the investment spending, and how much elsewhere. It may not be possible to arrive at exact figures, but where exactness is impossible, rough figures are better than none.

A calculation has been made for one oil well, costing $67,983 to drill. Here then is a common capital expenditure of the post war years. Of the total, 36.7% was on site expenditures, mostly labour costs; that is, it generated income within the province, but 54.4% was on expenditures for materials, etc. in the United States, and 8.9% elsewhere. Drilling is of course only one form which oil investment takes, and probably does not account for more than one-third of the total in recent years. (W. D. Gainer, E. J. Hanson and E. Sieyright: Investment and Economic Change in Alberta, 1946-51, Edmonton, 1953.)

Again, out of the oil investment in 1952 in the province, of some $360 million (excluding payments to the government) only some $44 million appears to have been spent directly within the province. (Ibid). Most of the direct expenditures benefit the United States and eastern Canada far more than Alberta. The indirect effects of the oil industry are however so far reaching in Alberta, that the direct expenditures may be a relatively small part.

From all this, it is now possible to see, with unprecedented new investment in Alberta, why the employment and hence the population growth has been high, and also why it has not been higher. The reason for the latter is simply that most of the employment and income generated has been elsewhere - notably in the United States and other parts of Canada, although some of the stimulus has no doubt been felt in other countries too, e.g., the United Kingdom and Germany.

We may also conclude that as the natural resources of Alberta are further developed, urban growth will be stimulated most, outside of the province; and within the province it is the urban areas that will grow faster relative to the rural and frontier population. We have here, then, further reason to believe that existing rural-urban trends within the province will continue. The nature of modern investment expenditures also justifies considerable caution in making estimates of the extent of future industrialization in the province.

It has not been thought necessary to explore the source of funds for the heavy investment in Alberta in recent years. But two things may be pointed out, with regard to the heavy oil investment. One is that American money has been the chief backer of Canadian oil development (Canadians tend to put their money into bonds rather than into common stock); and the other that investment funds have come chiefly from expansion out of retained earnings and not, as the public might believe, from the sale of ordinary shares.

8. INDUSTRY AND THE URBAN ECONOMIC BASE

The Commission assumes that the further industrialization of Alberta is a consummation devoutly to be wished. What can or should be done, more particularly in the metropolitan areas, to encourage industry? Before giving a direct answer, some preliminary remarks are in order.

In the first place, "industry" is not just a homogeneous lump. There are hundreds of different kinds of industries, and their requirements will nearly all differ to some degree, so that what is true of one may not be true of another.

Industries may be classified, or looked at in many different ways, and how they are classified depends on the purpose in hand. For instance, it is sometimes helpful to classify them into the categories of primary and secondary. Primary industries are those dealing directly with the local resource and are tied closely to the locality, for example mining, forestry and agriculture. Secondary industries are more mobile and may be located far from the raw materials or resources, for instance many branches of manufacturing and processing. Where the latter will locate will depend on a number of factors, as noted below. Services, or service industries, may also be listed as a separate category, or lumped with secondary, and these too may be carried on near the consumers, for instance, construction, commerce and education - and are not tied to the location of natural resources.

This, or any other classification of industry, has some light to shed on any discussion of optimum size of city. We can say, for example, that a city is less than the optimum if it cannot provide all but the most specialized services. The criterion, or definition, of the optimum would, in this case, depend on the ability of the city to perform services, rather than on manufacturing, or the minimum cost of utilities, or cost of government, or primary industry, or other basis. (See also Chapter 5.)

Nowadays cities, especially large cities, are less manufacturing than service centres. About 30%, on the average, of the working population of the United States cities over 150,000 is in manufacturing. The percent of the whole working population in manufacturing has declined since the 1920 peak. The proportion in trade, finance, government, and the innumerable clerical, technical and service jobs, rises.

If what is said above is true, then we can see why Calgary and Edmonton are growing: it is their service functions and service industries which are the big factors. This helps to solve a great mystery: how, in the absence of any new manufacturing plants, many cities everywhere can still provide employment and keep on growing.

In Chapter 5 a short note was given on the notion of urban economic base. The base of an area - say of a metropolitan area - consists of those industries or economic activities which cater for the "outside", (i.e., outside the area). The raison d'etre of the city is the economic base.

The other industries may be thought of as derivative, i.e., they exist to provide goods and services for people within the area. The inhabitants "take in one another's washing".

Naturally it is difficult to measure, even to delimit, the economic community and its base. The great difficulty with all measurement is to separate the base from the other components. Employment is usally as good a measure as any, though other indicators are possible, e.g., value added, dollar income and outgo as a kind of "balance of payments". We need not detail here the difficulties in measurement, such as how to count commuters, to allocate university students, tourists, local government employees, transport industry, absentee owners. (See Land Economics, for May, 1953 and Feb., May, Aug., Nov., 1954.)

In the early days of study of the economic base of cities, the employment ratio was taken to be 1.1, (that is, one job in a base industry generates one other job in derivative industry) but this ratio varies from city to city, as we know from subsequent studies. It varies from 1: 0.6, to the unusually high figure of 1: 2.1, for reasons into which we need not go, and which in any case are not altogether understood. At the moment, economic studies are not advanced enough in this line, to enable us to assume a ratio. Moreover, the purpose of the inquiry is to measure, not take for granted, what the ratio is in any one city. If we did know the ratio in any one area, then we could know with reasonable accuracy what the population increase would be for every new base plant or firm which was established, and this would be very useful information to have.

The purpose of these economic base studies is to explain why cities have reached their present size, and to make estimates of their future growth. It

is hard to see how any realistic population estimates can be made, other than guessing the future by what has happened in the past, unless some idea of the economic base is held. And the population estimates, and the base studies form the first step in any master plan for the city or area, or for any new zoning map. (A plan is equally necessary of course, whether a population increase or decline is expected.)

Some cities grow faster than others, just as one province grows faster than another, and the reasons are manifold, and still something of a mystery. The ability to compete, to produce more cheaply, to serve a larger market - these are certainly important; and among the factors which affect the ability to compete are costs of transport, labour efficiency, nearness to raw materials, etc. Other factors are discussed below.

9. LOCATION OF INDUSTRY.

Industrial growth, particularly of the economic base, is generally taken to be a major factor in contributing to urban growth, and hence its importance for this Commission. It should be noted however, as pointed out above, that industry does not account for all urban growth: the so-called secondary and service activities are often of more importance, and may form part of the economic base.

The literature on the subject of industrial location is far from abundant and theories far from agreed. It is a field however where there is bound to be considerable advance in the future as industrial location becomes more and more a matter of public policy.

Industrial location is becoming a matter of public policy for several reasons. For example, during the depressed 30's the question of the public control of industrial location came to the fore in Britain largely as the government tried various measures to relieve the Depressed or Special Areas by bringing "work to the workers". In later years the need for more knowledge about industrial location has been underlined by the interest in re-development in the new towns, and in planning. In some cases too, interest in the subject of location of industry has been stimulated by a policy of dispersal for civil defence reasons, or a national policy on housing, or industrialization, or atomic development, or monopolistic pricing control.

In the old days it used to be assumed that the entrepreneur put his plant where costs were lowest, however complex his calculations of cost may have been.

No one bothered to question this hypothesis, and still less did anyone ask whether the site chosen was the best in the public interest. Competition was assumed to be the automatic regulator of industrial location, and also to lead automatically to the public welfare. In fact, however, it by no means follows that it will do either. Part of the social cost of industry always falls upon the individual (as in the journey to work) and very often upon public funds as well, since housing, schools, transport and other services must be provided; and problems such as traffic congestion must be met. What is the best site for any particular industrialist may be costly and wasteful when judged by the criterion of the public welfare.

Local and senior governments are consequently taking more and more interest in, and giving guidance to the location of industry. In Britain, this trend has been carried very far, so that both central and local governments are both actively concerned with the location of industry, the local authority chiefly by such means as zoning and the provision of sites, and by reason of its planning interest.

Some industries are, of course, more mobile than others. The primary and extractive industries such as mining, are tied to their locality; others may be tied to a purely local market; but many others are so mobile they may be termed "footloose". Except for the completely-tied kind, there is room for many factors to influence location. Unless this were so, there would be no point in trying to encourage industrialization, whether by information, planning, tax inducements, good government, or any other means.

There is agreement however, that in the main, economic factors still play the largest role in determining the location of most industry. To say this is not to deny that sometimes chance, the whims of an executive's wife, or other personal motives may influence the choice of location. Small firms, too, may just follow what to them seems to be a trend. Or, as in the evidence to the Barlow Commission the cotton industry seems, in its origin, to have settled in Lancashire "for no particular reason", but once there, of course, it attracted other cotton firms and many related industries; while a prime reason for firms moving to London was its social and recreation attractions which appealed strongly to directors and their wives. (Report of the Royal Commission on the Distribution of the Industrial Population Cmd. 6153, London, 1940.)

Two important United States studies on the location of industry have been made since the war. One of these was undertaken by the National Planning

Association: (John Williams, NEW INDUSTRY COMES TO THE SOUTH: A summary of the Report of the NPA Committee of the South on Location of Industry, Washington, National Planning Association, 1949.)

This study of 88 plants found that three factors were major reasons in determining the region in which the plants located. These were markets, materials and labour supply, with the factors being considered singly and in various combinations, and being weighted differently by the different industries.

Among the market-oriented industries, those which catered for the consuming public were mobile - for instance, those making household chemicals, and farm equipment - while those which catered for other industries were generally tied more closely to those industries which formed their market, for instance, sulphuric acid and paper box plants.

The raw materials-oriented industries were least susceptible to locality inducements, but found transport costs and facilities more important.

The labour-oriented industries were those with the widest scope of all for location possibilities, because they were not tied to local markets or materials. Examples are those making shoes, apparel and business machines. These also tended to be industries with less capital investment, where transport costs counted less, and so they were more likely to accept locality inducements since it mattered little where they settled.

The three major factors listed above determined chiefly the region within which plants located, but once having decided on the region there was still considerable scope, and it was here that the secondary factors came into play to help determine the exact locality.

These decidedly secondary factors were more numerous, and included local capital and bank credit; available personnel for executive positions; climate; availability of buildings and sites; the local industrial structure; size of the community; and company policy in respect to centralization versus decentralization of operations. It is hard to generalize about many of these secondary factors, since the weight assigned to each of them differed so much from one industry to another; for instance, local credit was of little interest to branch plants of large concerns, but of more interest to small firms; and very few firms have "location experts" on their staff.

Still other secondary factors were the state and local government attitudes, laws, local facilities and positive inducements. Of these the most significant

was the attitude of officials and public. It pays to give inquiring industry a friendly welcome and assurance of help. After the three major factors these favourable attitudes were given, almost unanimously, as the most important reason for choosing the particular locations. Some states, it may be noted, were avoided because of their erratic administrations. Low wage rates and degree of unionization were seldom important.

Again, high or fluctuating state taxes deterred some industries from some states, and of the two, fluctuating taxes were a more powerful deterrent. Industries with a special interest in taxes were naturally those with a high capital investment per worker. But apart from that, the study found local taxes of relative unimportance. "It should be noted that no concern included in the survey placed its operations outside the most satisfactory zone in order to obtain a lower tax rate." (Williams, op. cit., p. 27). In the very last stages of locational decisions, taxes "might be considered", if several sites were found equally satisfactory. But in general, taxes were of little importance in attracting companies or plants, a result which might be expected since normally no municipal council can guarantee low or constant taxes.

It is only fair to point out that the study did not deal very extensively with tax concessions, as distinct from tax rates. Tax concessions of one kind or another are fairly common in the southern states. A number of companies gave evidence that they were reluctant to accept inducements of any sort, except as a token of good faith. Naturally, where concessions were available, companies often applied for them, even if they had not been considered in the making of the decision to locate there. A further gap in the study is that there may have been firms who had thought of putting up a plant in the south, but did not do so. So we do not know what deterred them or drew them elsewhere, but this kind of negative evidence would have been useful had it been available.

"Many firms also spoke of their concern for the general facilities in the community. What did the town have to offer workers and management personnel as a place to live? Schools, housing, churches, hospitals, municipal services, and general attractiveness were definitely taken into account. Several possible sites were turned down because of inadequate general community facilities." In this, the study confirmed the evidence of the Barlow Commission in Britain, already noted.

A considerable blow to cities with publicity departments designed to attract industry was that general advertising was found to have little effect. Detailed data and special surveys were of more influence, and state development agencies were occasionally of use, but often not used either because of ignorance of them or because it was thought they had little to offer. To judge from this we should be very chary of expecting too much from the industrial promotion undertaken by our cities in Alberta, unless it is the right kind.

Special bonuses, inducements and subsidies, were found of declining importance nowadays, although they were more common before the war, as in the shoe and textile industries. The firms most susceptible to these blandishments were, by and large, labour-oriented industries of marginal desirability anyway - because of low wages or a high bankruptcy rate. Many executives thought it poor business to accept such inducements from a local authority, and they were of minor significance to substantial firms, in long-term income and outgo.

A similar study was made in the New England region for 106 plants establishing there from 1945 to 1948. Again the steps taken by industry were found to be, first, to decide on the general region, and then the particular locality within the region. The weighting given to the factors in the regional decisions was somewhat different than in the southern study, and harder to generalize about. Personal reasons of the management rated very high (e.g., they were known locally, or lived there), and so did production relations, (e.g., of the branch to the parent company), with market advantages and labour supply also high on the list.

With regard to the decision to settle in one locality, after having decided on the region, here the availability of buildings, labour supply, personal reasons, the availability of sites, transport costs and facilities were most important, with the first three dominant. (This stress on buildings was very likely an immediate post-war phenomenon, when buildings were scarce and materials in short supply as industry was turning from war to peace production). The larger companies were more inclined than the smaller to give weight to a combination of living conditions and public services in the community. Again, differences in local taxation were in this study of small significance, much less than has often been alleged. State taxation was more important than local. The second study found it harder to identify the major

reasons why plants had settled where they had.

Other studies have of course been made, but it would be tedious and perhaps out of place here to catalogue them and their findings. There are no comparable Canadian investigations and for that reason, recourse must be had to the United Kingdom and United States material. It is possible on the basis of these and other studies to make some cautious conclusions. Reference may also be made to Chapter 11 where the reasons which led to the establishment of industry outside Edmonton was discussed. The evidence on this point is in harmony with the conclusions below.

Decisions of firms to locate in a region were generally made first, followed by the decision to settle in one particular locality within the region. Both of the decisions were usually made for a complex of reasons. Major factors, usually but not always economic, affect the regional decision, and many smaller factors affect the locality decision. The major factors were usually, that is, based on rational calculations of minimum cost and maximum expected earnings over a period of time. But one factor was seldom decisive in determining the region. New firms coming into an area were more likely to make the purely economic calculations than the firms establishing branch plants.

In calculating the costs and earnings - raw materials, markets, and labour supply in some combination or other, were generally decisive. Included in costs were of course the processing costs - for example; power - and transfer or transport costs. In the case of one company brought to the attention of this Commission, it was stated in evidence that it cost the company $10 million to establish a company town some years ago. Such capital expenditure is avoided when a plant settles in or near a large city, large enough to supply the plant with labour. The nature of the industry determines the weight it puts on a particular factor.

In deciding on a locality within the region the secondary factors came into play, and these are almost impossible to arrange in any one order, since they differ so much from one industry to another. All the studies however put local taxation and industrial promotion very far down the list, but all companies rated a stable friendly government and public very high up, along with labour supply. Closely related to these was the availability of civic services and good living conditions - which were especially important with the larger companies. Indeed, these seem to be of growing importance to industry in the modern world, and if that is so, there may be lessons here for the future. Municipalities seeking industry should guide themselves accordingly.

10. <u>METHODS OF ATTRACTING INDUSTRY</u>.

Since the nature of the industry determines the weight to be given to such major factors as raw materials, markets, and labour supply, then the function of the province and the municipality in attracting industry will be confined to influencing location by a variety of the secondary factors. Put in another way, the major factors determining the location of industry are scarcely within the power of the locality at all. The locality can only do its utmost with such of the secondary factors as are under its control, and hope for the best. This somewhat negative conclusion is supported also by common experience, which confirms that most industrialization has not taken place in response to local inducements and promotion.

Perhaps the most important of the secondary factors is the kind of welcome given to industry by government and public. Good stable government, anxious to attract industry and give it a fair deal, will always be important, whether at the local or provincial level.

Very closely related, is the number and quality of community and civic services which affect living conditions. Here, the advantage will generally lie with our cities, more particularly with Edmonton and Calgary, although in those cases where industries, generally small industries, prefer a small town, this will not be so.

In the short run, there is little the cities or province can do about the above. They either have these attractions, of government and services, or they have not, at any given time. In the longer run, however, areas not born with good government and community services can achieve them, if the residents so desire. Assuming these are present in Alberta, then we must ask the pertinent question: how can an area attract industry? Several methods are available which may be grouped as follows:

(a) <u>Information Services</u>.

These are all the measures which we classify as informational; including advertising, publications of various kinds, representation at exhibitions and trade fairs, correspondence, the maintenance of offices elsewhere for supplying of information to inquirers, and the like.

Several cautions must be injected here. If the United States studies are any guide, then general advertising is not very effective. It is a hit or miss affair which usually misses, since it is generally difficult to recognize any

city beneath the disguise of its publicity pamphlets.

Neither is it much use to direct information to industries for which the area is quite unsuitable. The industries which it is hoped to attract must be carefully chosen in the light of what the locality has to offer and the needs of particular industries.

The information services are most effective if aimed at prospective industries for which the area or region has some economic or other advantages, such as plenty of cheap power, raw materials, water, land, labour supply, transport lines, an attractive market, kindred industries in the area, and so on. Industrial promotion must, that is, be selective in its approach to industries and in order to be so it follows that it must be based on thorough, reliable, and up to date knowledge of the locality. Prospective industries want detailed facts, an accurate picture of local facilities, not general information or the glamour literature usually fed to tourists.

The question then arises: who shall conduct the industrial campaign, the city or the province or voluntary organizations such as the Chamber of Commerce? Since this Commission has not conducted investigations into the matter, no firm recommendations are made on this point. There is a place for the voluntary organization, and for the city and the province, and there may also be a place for a specially-created body, but all the efforts should be co-ordinated.

In the Greater Vancouver Metropolitan Area for instance, there is an Industrial Development Commission, supported by grants from 11 municipalities in the area, and by "grants from large industrialists such as contractors, architects, supply houses, etc., who directly benefit when new industries are brought into the area". That is to say, it is an ad hoc, independent body. A similar Commission exists in Calgary, made up of citizens and councillors. It is better that such Boards should be composite, rather than being composed wholly or mainly of those who will benefit directly and financially from industrial growth. (Industry in the Greater Winnipeg Community, The Metropolitan Planning Commission, Winnipeg, April, 1954.)

At present in Alberta, information is gathered by the Bureau of Statistics within the Department of Industries and Labour, while another Department, the Department of Economic Affairs, provides the publicity through its Director of Publicity; and there is also a Director of Industrial Development and Economic Research within the latter department.

The city of Edmonton has an Industrial Director, with a budget (1955) of $18,672; and Calgary a Co-ordinator of Industrial Development, with an Industrial Development Commission, on a budget (1955) of $30,450.

(b) Planning facilities.

These are the measures which we may call planning, in a broad sense. Land must be zoned for different types of industry, and considerations of space, power, water supply, waste disposal, transport, and the like, must all be taken into account, to ensure that the area can, in fact, accommodate the type of industry which it is hoped will settle there. The United States studies have shown the need that these necessities should be available, or made available by the local authorities.

Something is already being done along this line. It was given in evidence that "the city of Calgary during the past two or three years has been developing industrial land (for sale) as a package deal, that is, including the land, spur track, utilities and roads, and consequently we have quite a bit of money invested and expect to have quite a bit more, anticipating a fairly reasonable industrial development". The two cities now have municipally owned, planned industrial districts, with sites for sale. Both of the cities, in evidence, have shown a keen awareness of zoning good land and otherwise preparing for industrial expansion. The older idea was too often that industry could be fobbed off with swampy and less desirable land.

A consideration of the facilities which are required by industry, supports the case in a metropolitan area, for taking the point of view of the whole area, rather than a single municipal viewpoint; and the case is strengthened for the area approach when we add such factors as labour supply, local markets, available housing and general community services of a social and recreational nature. A unified metropolitan policy is more likely under a single government, and hence the creation of a single government for each metropolitan area may do more than anything else to promote industrial development. Further, with a common tax rate in the area, industry is less likely to shift about within it, for tax reasons.

There is always the need, too, to fit the industrial development, actual or potential, into the framework of the general plan for the district; for instance,

to provide the economic base for satellite towns, or to diversify industry in the area so that dependence on the fortunes of one industry is avoided, or to take economic advantage of pure water supplies upstream and concentrate industrial waste disposal downstream, or to ensure that industry with noxious odours is located downwind from the main population centres. Close inter-municipal co-operation in an area is necessary for these joint objectives, and this strengthens the case for the recommendations on planning made in Chapter 5.

(c) Financial inducements.

There is a variety of financial inducements which may be offered. Earlier in the century in Canada and the United States municipal bait of a financial nature was commonly used such as tax exemptions, fixed assessments, bonuses, the guaranteeing of bonds, and even municipal investment in industries. Fortunately the tide has turned, and all such inducements are now either forbidden or strictly controlled by provincial law. The case against them from both theory and experience is strong. Some common objections against them are:

(i) They soon get out of hand, and lead to competitive bidding between municipalities to attract industry.

(ii) They often work inequities upon the existing industries which came to the municipality without special favours. Closely related is the fact that certain types of new industry become eligible for special treatment, but others, of a different kind, may not qualify.

(iii) They alter the incidence of taxation, and throw more of the burden upon other taxpayers, whether residential, commercial or industrial, who must carry more since the favoured industries carry less than the normal load. Concessions are at the expense of taxpayers who do not receive them: a kind of community subsidy. (This is also true of all tax exemptions, including Crown exemptions.)

(iv) The type of industry which is attracted by such bait was often of the least desirable, "footloose" kind, with a high mortality rate; or they were seasonal industries, whose employees were thrown on relief for part of the year.

That ingenious inducements can sometimes be effective in attracting some industries, there can be little doubt, especially if the industry would have settled in the municipality anyway! Perhaps there may be some cases where concessions have "paid off" in the long run - on the infant industry argument often used for tariff protection - but a calculation would have to be made in each particular case to arrive at a convincing conclusion.

The bonusing of industry and the granting of tax exemptions are forbidden by the statutes governing Alberta municipalities. Such prohibition was recognized in evidence as highly desirable to prevent the municipal "exemptions race"

that might otherwise occur. Cities, towns and villages may however make use of the Industries Assessment Act (dealt with in Chapter 9). Under the Act, the freedom of action of a municipality to attract industry by a low fixed assessment is strictly limited, and the Minister can forestall all fixed assessments by the simple device of refusing to approve a municipal by-law dealing therewith. As we have seen in Chapter 9, only two instances of the Act being used have occurred in the two cities. There have also been, in the two cities, very few instances of the encouragement of business or industry by tax concessions or fixed assessment under other acts, the only notable instances in Calgary being the early agreement with the C.P.R. regarding the Ogden Shops (which, with the advantage of hindsight, was generally deplored in evidence by the city); the 1911 agreement concerning the Palliser Hotel; and the 1954 agreement concerning the same hotel. In Edmonton the only instances were the early agreement with Canada Packers (now expired), and that with the C.N.R. regarding the MacDonald Hotel. The record of the cities is thus very good, despite strong pressures from time to time, for instance, the Detwiler proposals for Edmonton rejected by the burgesses a few years ago.

The general question of the assessment and taxation of industry has been treated in Chapter 9, where evidence before the Commission was noted, and certain recommendations made. Some of the evidence raised points of considerable economic as well as financial interest.

How effective tax concessions may be in attracting industry is, in any case, very debatable. As we have seen earlier, several important post-war studies give little support for the view that the level of local taxation is a significant secondary factor, although no doubt exception to this general rule may sometimes be found. Concessions are like total exemptions, in that they are at the expense of other taxpayers who may share very unequally in the benefits. They are also often exceedingly difficult to administer. For instance, if a municipality were to adopt a policy of low taxes for its "export" industries - say to offset freight rates - would not other, local, industries argue that they were being discriminated against? And when the market is partly local and regional and partly for "export" what difficult problems would arise in calculating the tax adjustment required?

The argument was sometimes put forward in evidence that some industry is relatively self-contained. It may provide its own police and fire protection, its water, power, and perhaps other services, and because of this should not be

subject to the full mill rate. The argument rests on the assumption that the property tax should be based on the principle of taxation according to services to property or, in more generalized form: taxation in accordance with services received. This is not, on the whole, true in the individual case, although true of the citizens as a whole; and in any case it is virtually impossible to separate services to property from services to persons. To exempt the so-called self-contained industries from a part of the mill rate would introduce a drastic innovation into the local taxation system of the province, and this Commission does not make such a recommendation. (See also Chapter 6, PartIII).

A more general theoretical argument is that manufacturing industry should not pay local taxes at all. This point was not made much of, in evidence, although the example of the United Kingdom was quoted - the so-called "de-rating" concessions to industry, railways, and agriculture in 1929, the loss of local tax revenue being made good by new Exchequer grants.

The general argument is an interesting one, from the economic point of view. It could be supported by the following, among other considerations;

(i) The analogy could be drawn with the agricultural exemptions for machinery and buildings.

(ii) The analogy might also be drawn with concessions given by the federal government to mining and other companies - e.g., exemption from income tax for the first few years of operation, and liberal depreciation writeoffs.

(iii) One might stress the need to make "export" industry in Alberta competitive with the east.

One objection to this, of course, is that other provinces would soon catch on, and play the same game, and we might enter an age of fierce inter-provincial competition to attract industry. *Facilis descensus Averno est.*

(iv) Local taxes may possibly be regarded as taxes on production, which tend to raise costs and prices; and this in turn has far reaching economic effects, for instance in the allocation of "resources" or their relative rate of development in different parts of the country. If Canada and Alberta hope for an expanding industrial development, taxes should not rest on production - so the argument goes - but on incomes, profits and consumption, in order to promote both maximum production and the maximum efficiency of resource allocation. Certainly it is true that property tax principles were laid down in a pre-industrial age, and instead of being patched up, may well require drastic over-

haul to fit an industrial age. The Royal Commission on the Economic Prospects of Canada - the Gordon Commission - will probably explore this subject, and we therefore need hardly attempt to duplicate its efforts.

It was agreed by witnesses appearing before the Commission that urban municipalities require a "balanced" proportion between residential-commercial and industrial assessment, in order to make both ends meet. And as we have abundantly documented in earlier chapters, taxes on residential property alone are not sufficient to pay municipal and school services. If all industry were "de-rated" the concept of balance would have to be abandoned entirely and the present tax yield from industry to local authorities would have to be made up from some other source. What that source would or should be is something on which the Commission heard no evidence.

It does not seem unreasonable that industry should continue to contribute to the local public costs of its operation, that is, through its property tax to help pay for the municipal and school services enjoyed by the employees as well as the municipal services received directly by the industry itself. We are unable to recommend the abolition of the property tax on industry, and are fortified in this by the knowledge that local taxation plays but a minor role in determining industrial location.

> We are unable to find that the property taxes in Alberta have reduced the incentive to establish new industries, or to expand existing businesses, nor have they reduced the incentive to invest in local enterprises, or to build houses for the home-owner. United States investigations confirm the same thing for that country. (Lewis H. Kimmel: Taxes and Economic Incentives, Washington, 1950.)

11. CONCLUDING REFLECTIONS ON INDUSTRIAL DEVELOPMENT OF THE TWO AREAS.

It will no doubt always be true that the rate of industrialization will differ from one part of the country to another, and from one part of the province to another. Industries do not normally pull up stakes in one part of the country and migrate to another, but branch plants may be established far from the original site, and new industries springing up may go to one region rather than another. Areas not formerly industrialized may sometimes attract new industries at a higher rate than older industrialized areas. In any case, even if the rate of industrialization in a new area is only at the national average, when a new industry comes in, it is always something of an event: it is noticed more, and the locality therefore usually exaggerates its rate of industrialization. Something of this has occurred in Alberta in recent years.

One reason for industrial growth in the older areas is the cumulative effect of industrialization. Once an industrial area is a going concern, it tends to grow almost automatically. Added to the initial advantages of the area, related

industries are drawn there, e.g., to use the output or skills of the older industries; and the enlarging market pulls in derivative consumer industries. Nothing suceeds like success. To him that hath is given. A snowball effect is apparent. "This snowball effect of industrialization has been responsible for piling up over 40% of the population of England in six densely packed conurbations of over one million persons each". (Peter Self, The Planning of Industrial Location, London, 1953.) This may well discourage a young city, but on the other hand, it gives some encouragement to Edmonton where the cumulative industrial effect is already noticeable in the metropolitan area. Some plants (e.g., plastics) are being set up to use the output of other existing plants while, vice versa, new plants (e.g., sheetsteel) are being set up to supply existing plants with some of their requirements.

Some encouragement to places like Edmonton and Calgary may also be drawn from the disadvantages of really large cities, for instance the high land values and the long journeys to work - both of which tend to raise costs to industry and employees alike; and many people prefer smaller cities.

No one firm foresees the snowball effect, or what its impact may be on the urban community in terms of social, financial or other problems, and this in itself is a powerful argument for a public policy on industry - for cities to plan for their industrial future and shape their industrial policy accordingly. Compulsory powers if any, must of course be used with restraint and forethought; and with a knowledge of industrial needs, in order that necessary economic adaptations may be made. Land use control will normally be the only political force guiding industry within the city or district. In the end, no matter how much guidance and inducement may be given, it is still industry itself which must make the decision whether it will come to an area or not.

However, the nature of modern technology is such that much of industry is more mobile than in the 19th century, and hence location can be influenced by public policy. Electric power and modern transport mean at least that the physical obstacles to industrial development no longer tie every industry to the site of the materials or power. Whether economic obstacles still remain, depends to a large extent on the relative cost of materials, power and transport in different areas.

The principal economic advantages for industry which Alberta possesses are its abundance of oil and natural gas, which permit cheap fuel and power, and -

for certain industries - raw materials. The province and the two cities ought to do all they can to ensure that these advantages are maintained and made known, while at the same time exploiting to the full the secondary factors which influence industrial location. In particular, any boundary changes recommended in this report have been made on the assumption that they will not penalize industry with respect to fuel and power costs.

Industrial development may well be undertaken, from other reasons than those arising from area planning or from municipal needs, For instance, if the federal government had an active policy of industrial dispersal, it might be more effective than all the efforts which the cities could make. Such national policy could conceivably be stimulated by a desire to reduce vulnerability of population and essential industries, as a defence measure, especially if it is true, as we are often told, that "space is the only defence" in another major war; or, such a policy could be part of a new National Policy comparable to that of the 19th century - of western settlement, railway building, and tariff protection.

If industrial dispersal were to become national policy, for whatever reasons, the federal government has many powerful instruments by which such a policy could be promoted: the building of federal plants and offices in the chosen areas (e.g., by Polymer Corporation in Alberta) the awarding of contracts to plants in those areas, the allocation of scarce materials, the special encouragement to housing, assistance with financing of plants, the manipulation of income tax laws, the provision of credit, and so forth. No doubt such a policy would require the co-operation of the provincial governments, and of the cities also. The cities, for example, would not want industries to settle just outside their borders, and so lose their assessment, while assuming at the same time most of the public costs. They might however, be much more willing to see them go to properly planned satellite towns, which would supply the public services required.

Finally, the industrial development of Canada has gone ahead at such a rapid rate in the last decade, and bids fair to continue, so that the need for positive public policies and forethought has become widely recognized. The appointment of the Gordon Commission is one evidence of this. Alberta and the two major cities have gone ahead in some respects even faster than the Canadian average, and

planning and forethought at the provincial and city level are as necessary as at the national level. It is possible, for instance, that the province might develop a policy of industrial decentralization within Alberta, just as the District Planning Commissions might do for the regions around the major cities. But it would take far deeper and more comprehensive investigations than this Commission has been able to undertake, to justify specific recommendations to guide future policy.

CHAPTER 11. THE UNIQUE POSITION OF STRATHCONA M.D. NO. 83

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Outline of Chapter Contents

Part 4 - The Industrial Area (Continued)

5. Why Industries located in the Area.

6. Water Supply and Sewage Disposal.

7. Fire Fighting Services.

8. Electricity.

9. Gas Services.

10. Telephone Service.

11. Transport Services.

12. Attitude of Industries towards Annexation.

13. Relationships between City and M.D. Council.

CHAPTER 11 - THE UNIQUE POSITION OF THE M.D. OF STRATHCONA NO. 83

Part 1 - General

1. Why the Position is Unique

A great deal of the Commission's time in the Edmonton area was spent in considering the evidence and exhibits presented on behalf of the Municipal District of Strathcona and the representations made by the City of Edmonton and others directly related thereto. The Commission is satisfied that the development which has taken place since 1947 in that portion of Strathcona which immediately adjoins the City on the east - arising out of the establishment of the petroleum refineries, pipe line terminals, petro-chemical plants and other industries - is unquestionably unique. The total assessment of Strathcona increased from $7,211,000 in 1947 to $37,460,600 in 1954 - an increase of nearly 420% being spread largely over some 20 quarter sections with practically all of the increase arising from the establishment of the above industries following the discovery of the Leduc and Redwater oil fields, and later other fields in the vicinity of Edmonton. Putting it another way, whereas in 1947 the total assessment for the 562 square miles now comprising Strathcona was $7,211,000, by the end of 1954 the assessment of one plant alone at $14,553,000 was placed on the Tax Roll with a stroke of the pen in an amount equal to double the total 1947 assessment! Stated on a comparative basis with the City of Edmonton - recognized by the census as the fastest-growing city in Canada - and where one would expect to find a tremendous increase in assessment - we find that in the same 1947-54 period Edmonton's assessment went from $83,376,000 to $198,774,000, an increase of 140% only.

The most striking illustration as to what has been taking place is indicated by reference to the area of Strathcona proposed for annexation by the City. In 1947 the total assessment in this area was $794,190 (divided $690,480 for lands, $99,780 for improvements, and $3,930 for personal property). By the end of 1954 the assessment in the same area had increased to some $29,000,000 representing a percentage increase of 3,650%.

In view of the importance of the issues involved and the controversy surrounding these issues the Commission deems it essential that the facts should be recorded in a substantial measure of detail. Agreement could not be reached at all times among all parties, particularly in the matter of financial data, and discrepancies have arisen which are irreconcilable. However, the Commission

is of the opinion that any differences in the material submitted, particularly as between the City and Strathcona, are not such as to detract in any way from the broad general principles which the Commission is satisfied should be applied in resolving the problems entrusted to it for examination and report.

2. Location and History

Strathcona resembles a right-angled triangle bounded on the south by the south boundary of Township 51; on the east, with minor variations, by the east boundary of Range 21; and on the north-west by the North Saskatchewan River which forms an irregular hypotenuse flowing from the S.W. corner of the municipality to the N.E. corner, with what is known as the "South Side" of the City of Edmonton obtruding into its area. It extends 9 miles south of the existing south boundary of Edmonton, some 20 miles east of Edmonton's existing east boundary; some 30 miles north-easterly from Edmonton to its north-east corner; and, 17 miles out from Edmonton in this direction it adjoins the town of Fort Saskatchewan. It is approximately 30 miles in depth at the deepest point north and south. It comprises approximately 562 square miles (359,000 acres), which is relatively small for a rural municipality.

The district comprises one of the oldest farming areas in north central Alberta, the first few settlers having arrived in 1881. They staked their claims to land before a survey was completed, immediately east of Edmonton and south of the North Saskatchewan River in what is known as the Clover Bar District. Effective January 1st, 1943, the original Municipal Districts of Clover Bar and Strathcona were consolidated to form the existing large municipal unit under its present name. Effective January 1st, 1955, some 16 sections were added to the north-east part, which changes have been taken into consideration in the above summary.

3. Population

Population figures are almost meaningless for comparison purposes when the period under review has seen changes in boundaries. In 1945 the total population was 6,725, and the total assessment was $5,576,000, of which the land assessment was a little over $5,000,000. In 1953 the population was reported at 6,982. By the spring of 1955 the population figure used at the Commission hearings for the entire M.D. was 8,200, 20% of which was estimated to be in the area proposed for annexation. If the area were annexed it would leave the M.D. population at about 6,560.

4. Highways and Economy

Three main provincial paved highways traverse the municipality. The 1954 Financial Statement reports 72 miles of such highways, 461 miles of gravelled roads, and 260 miles of improved graded earth roads. The greater portion of the area is served by rural power lines.

There are no hamlets of any size within Strathcona's boundaries except those on the fringes of Edmonton, and the city is the trading and recreational centre for the greater part of the municipality. It is essentially a well-balanced agricultural area with incomes derived from mixed farming operations; by reason of its proximity to Edmonton, dairy products play an important part in the local economy.

There is a wide variation in the soils and general topography from the rich black loams found near Edmonton to the marginal lands in the Cooking Lake and Elk Island Park areas in the eastern and north-eastern sections and in the northern portion, largely suitable only for grazing. Two assessment maps were filed which vividly portray the wide variations, and it was submitted that nearly one-half of the total area was marginal. Assessments are reported to vary from $500 per quarter section in the marginal zones to $5,000 in the choice areas. A fair portion of the land is comparable with the best in the province and the average assessment is higher than the average in the province. The extent to which the industrial development has affected the municipality since 1948 will be more specifically dealt with hereafter.

5. Administration

The municipality is administered by a Council of five elected from five different Divisions. The Council elects the Reeve. The municipal office is situate in Edmonton and is staffed by a secretary-treasurer, assessor, assistant assessor, three clerks or stenographers and a field supervisor. The M.D. also has on its staff a graduate civil engineer who is also an Alberta land surveyor; his main duty is to supervise the road construction and maintenance programme. An engineering firm is retained as consultant in respect to the water supply system, and an architect's advice is obtained when necessary in connection with building permits. The Municipality is within the Leduc-Strathcona Health Unit. The evidence discloses a high degree of efficiency on the part of the Council and its staff.

The governing act is The Municipal District Act 1954. Of particular relevance to this inquiry are the powers of the Council with respect to functions in urbanized areas within the municipality, functions which are more commonly associated with villages, towns and cities. There can be no doubt the Act is framed for the government of an essentially rural population. Experience shows that when population becomes localized to any substantial degree the demand for self-government arises and culminates in secession from the municipality and the formation of a separate autonomous unit under The Town and Village Act 1952. The Commission has no knowledge of any case in the province where substantial urbanization has taken place in a municipal district and the area has remained within the municipal district.

6. Other Rural Municipal Units Adjoining Edmonton

Until the end of 1954 Edmonton was bounded on the north by the Municipal District of Sturgeon and on the north-west by the Municipal District of Morinville (effective January 1st, 1955, these two municipalities were amalgamated under the name of Sturgeon River No. 90), and on the west by the Municipal District of Stony Plain. For the purpose of comparison there are no substantial variations among these four rural municipalities as agricultural communities adjoining the City, with the exception that within Strathcona extensive industrial development has taken place since 1947 immediately adjoining the east boundary of Edmonton; all four of the said rural municipalities have producing oil and gas wells in varying degrees; all four have blocks of marginal land; and all four have experienced a certain amount of subdivision resulting in small holdings and minor urban clusters here and there, as well as the usual ribbon development along main highways at the approaches of the city.

7. Defining the Area Proposed by the City for Annexation

It will perhaps be useful to define roughly the areas which the City proposed should be annexed, if the towns of Jasper Place and Beverly were to be amalgamated with Edmonton. Two main Alberta Provincial Highways, Nos. 14 and 16, pass through the municipality and enter Edmonton's eastern boundary; No. 14, known as the Cooking Lake Road enters at 82nd Avenue; No. 16 known as the Elk Island Park Road, enters about 2 miles to the north of No. 14; since completion of the Beverly Bridge another route of entry for No. 16 is over that bridge about 2 miles north of the last named point of entry. The No. 2 Calgary-

Edmonton Highway enters the City from the south at 104th Street on Edmonton's south boundary. The Commission insisted upon the City defining the area it required to satisfy its needs. The City was reluctant to do so but finally submitted a map with proposals which it emphasized were flexible. The area proposed for annexation from Strathcona can be conveniently divided into three separate divisions:

(a) The area lying east of the City and north of Highway 14 up to the North Saskatchewan River. This comprises about 20 sections (12,800 acres) with the larger part thereof being purely agricultural, and with industrial development scattered over some 8 different sections (5,120 acres), but with a large portion of this latter area still being farmed. The northern part of this area is river bottom and flats and contains a total of approximately 7 quarter sections (1,120 acres) which were undermined through coal mining operations going back many years. Evidence presented casts doubt on the utility of these undermined quarter sections for the establishment of heavy industry.

This contains the so-called "Industrial Area."

(b) The area lying south of Highway No. 14 and east of Highway No. 2 bordering the City on the south-east comprises some 6 sections (3,840 acres). This area is largely agricultural, but there is some industrialization. Portions are presently sterilized for use as prospective residential areas by reason of pipe lines from the oil fields south of the City having been laid to the Industrial Area by the most direct route instead of parallel with existing road systems.

(c) The area which lies west of Highway No. 2 adjoining the city on the south-west. This contains some 5 sections (3,200 acres), is largely agricultural, and includes the University Farm.

Almost without exception where each of the above three areas adjoin Edmonton there is a varying degree of fringe development of a residential or small acreage type similar to the development on other boundaries of the City. Much of this fringe settlement goes back a great many years. The total acreage involved in the above three areas is approximately 19,840. This 31 square miles represents 5.5% of the total area of the municipality.

8. Miscellaneous Services

Strathcona has a police constable appointed under The Police Act. His work is largely limited to enforcing road bans and minor matters. The general policing of the entire municipality is done by the R.C.M.P. The major industrial plants have their own security forces. The secretary-treasurer acts as Welfare Officer and most of the welfare work is done from his office. Difficult cases are referred to an officer of the Provincial Child Welfare Branch.

The municipality has agreements with all Edmonton hospitals and with the Archer Memorial Hospital at the town of Lamont pursuant to which the cost to the patient for hospitalization and extras is $2.00 per day.

9. Interim Development By-law

Until August 1954, the M.D. was a member of the Edmonton District Planning Commission, and had approved of the General Outline Plan for the Edmonton area. The reasons giving rise to the withdrawal of the M.D. from the District Planning Commission are dealt with in detail in Chapter 5. However, the Interim Development By-law No. 186 of the M.D. remains in effect, under which no development can take place without a permit. The Council is constituted as the Interim Development Board, and plans must be filed with it. The secretary-treasurer acts as building inspector; zoning by-laws are in effect. There have been differences of opinion between Strathcona and the City as to the advisability of certain developments authorized beyond the present city limits. Since August, 1954, there has been no common forum where City and Strathcona representatives could meet to discuss the integration of their respective developments.

10. Existing Subdivisions Near Edmonton

Strathcona filed an exhibit which listed 62 subdivisions as at July 1st, 1954, of which 46 are within the area proposed for annexation. These had a total assessment of $1,044,000. The remaining 16 had a total assessment of $195,000.

Of the 46 subdivisions within the area proposed for annexation 20 plans comprised 100 to 160 acres; 12 plans from 50 to 99 acres; 8 plans from 10 to 49 acres, and 6 plans less than 10 acres. Some of the plans cover quarter sections divided into 4 or 5 parcels for proposed industrial sites. In terms of area the greater portion adjoins Edmonton's east boundary. The absence of municipal water and sewerage facilities is particularly characteristic of the subdivisions.

11. Existing Subdivisions Beyond Proposed Annexation Area

Strathcona expressed concern about the excess of costs over revenue of certain of the subdivisions in the event the Industrial Area should be annexed to the City. These are:

(a) Bailey No. 1 and Bailey No. 2 located about 5 miles east of the proposed boundary. These are small holding residential subdivisions containing a total of 60 parcels of which 33 are occupied and 27 remain vacant.

(b) Hulbert Subdivision located 1 mile east of the proposed boundary where No. 14 highway turns south, containing 19 parcels. Construction is underway on 7 of these parcels.

(c) Whitecroft Subdivision located 3 miles east of the proposed boundary and one-half mile south of the "Wye Road." There are 25 parcels of which 14 are occupied and the remainder not yet taken up.

Other than these four subdivisions, the remaining 12 without the area proposed for annexation are of little consequence. A survey showed that the great majority of the family heads were employed in the city. Different reasons were given for preferring a rural acreage residence: Some were attracted because veterans' assistance made home ownership possible. Other reasons given included lower taxes, lower building costs through being able to take part in construction work, and some felt the rural location was preferable in raising a family.

It is clear that in respect to subdivisions composed of low or medium cost housing the revenue through taxes will not take care of all municipal costs. This is the precise argument of Jasper Place and Beverly which are lacking in commercial or industrial assessment. It also forms part of the Edmonton argument that as industries continue to locate in Strathcona with the bulk of employees residing in Edmonton, the financial effect on the City gives cause for alarm. Having regard to the fact that Strathcona is quite free of hamlets elsewhere beyond the proposed boundaries other than those enumerated above, it is considered that the degree of subdivision which has thus far taken place beyond the proposed boundaries is not an important factor.

12. Campbelltown Townsite

This townsite is not included in the 62 subdivisions that had been recorded up to July 1st, 1954. The location is in Section 27-52-23-W.4th, which is 5 miles due east of the present city limits where Highway No. 14 enters the City; it is 2 miles due east of where the proposed east boundary crosses Highway No. 14; and the north-west corner of Section 27 adjoins the proposed east boundary 2 miles north of Highway 14 in the south-east corner of Section 33. The checkered and stormy history of various plans for this townsite is dealt with in greater detail in Chapter 5. It is enough to repeat here that the qhestion first came up in November, 1951, when it was discussed in terms of an ultimate population in excess of 30,000, whence it shrunk to 20,000, then 12,000

and finally to 5,000 by 1954, the plans varying from a completely independent self-supporting community to a purely dormitory area with a local commercial and shopping centre. The proposed accommodation fluctuated from individual ownership to rental housing. The period over which the discussions dragged and the divergence of opinion between the City and the M.D., and among the members comprising the Edmonton District Planning Commission, demonstrate the complexities of the issues involved.

The official view of the City Council and City Planning Department, and some members of the Edmonton District Planning Commission was that it was inadvisable to promote a potentially large urban centre in such close proximity to the City; and, that there would inevitably be a strong tendency for the townsite to become nothing more than a dormitory area for workers in the City and the Industrial Area. In this the Commission concurs; looking into the future and the larger interests of the Metropolitan Area, a substantial urban centre should not be developed independently of the City in such close proximity.

Prior to the withdrawal of the M.D. from the Edmonton District Planning Commission in 1954 this body had approved by a narrow majority the development of a townsite on Section 27 but the actual plans had not been approved by the Director of Town and Rural Planning of the province. However, by June, 1955, new plans were presented which were approved by the Director, limited to the same area, namely, all of Section 27 that was suitable for development - some 500 acres out of the total of 640 - and development is now taking place commencing at the mid-point of the south boundary. It is understood the ultimate development envisages the subdivision of 4.5 sections in all (2,880 acres) containing a population of 30,000 or more - depending on the density. However, approval from the Director was only forthcoming in respect to the original section which the majority of the members of the Edmonton District Planning Commission had approved prior to the withdrawal of the M.D.

The present development is being undertaken by a private company which is acquiring the land, constructing the buildings, streets, sidewalks, and boulevards, and arranging for water, sewers, and other facilities. The approved plan contemplates a strictly residential community with local shopping and commercial services, park and recreational facilities, and provision for elementary and high schools, with a total population of perhaps 6,000. As of early in October, 1955, sewer and water arrangements were as follows: If possible, water will be obtained from deep wells supplied

through a pressure system; if this is not feasible, it will come from an extension of the existing M.D. line some 3½ miles to the north-west, (which is fed from the city system). Sewage, at first, is to be disposed of through a local lagoon system. The project commenced in July, 1955, with 5 "show houses" followed by a campaign to ascertain the market and buyer preferences. Some 100 houses will be erected initially. The 1956 program calls for completion of 1,000 homes and the start on construction of a 15-acre shopping centre. If the sale of the houses justifies completion of the authorized development on Section 27, a pipe line will be completed to bring the water supply from the municipal line previously referred to, and the lagoon system will then be abandoned for sewage disposal in favour of either carrying sewage to the new Edmonton disposal plant some 5½ miles to the north-west or erecting a new treatment and disposal plant near the Saskatchewan River, to which the closest point would be some 4 miles.

Properties are being sold on the basis of the so-called "package deal" wherein the purchase price includes installation costs of local improvements. The sales literature outlines the price range of homes from $10,459 to $14,100 with minimum N.H.A. down payments and the balance on a 30-year mortgage. It also holds forth the inducement of "50% lower taxes" than in the City.

13. Plans of the M.D. in Respect to Housing

During the earlier part of the hearings in 1954 there was a tendency on the part of M.D. officials to discount the suggestion that the extensive industrialization of the Industrial Area would generate population in the area, which ultimately would unite with the settled area at Edmonton's east boundary. By the spring of 1955 this view point had completely changed and M.D. officials frankly admitted extensive plans for taking care of population settling within the area.

Immediately adjoining Edmonton's east boundary is a strip 1 mile wide and 2 miles long, containing about 1,200 acres of desirable residential land, running north and south between Highway 16 and Highway 14. This strip separates the city at this point from major developments in the Industrial Area. Reeve Adamson stated that pressure had been very strong on the Council to permit this area to be fully developed residentially, but these pressures had been resisted for the present and the municipality was sponsoring its residential development to the east of the Industrial Area - where the Campbelltown Townsite is located,

and through the other subdivisions previously mentioned which lie beyond the proposed City limits to the east. Before the hearings concluded, the M.D. offered to let the City annex this strip plus a short extension further south to the railway tracks.

Thus, it seems clear, that Strathcona has definite plans for the creation of a very large urban community within close distance of Edmonton's crowded east boundary. Lethbridge, Alberta's third largest city, has a population of some 28,000. If the total Campbelltown development is completed to its contemplated 30,000 there will be erected just beyond Edmonton's east boundary a new "Alberta's third largest city". This then, stripped of all its trappings, represents the total Campbelltown proposals approved by the Council when it was not a member of the Edmonton District Planning Commission, and without regard for the effect such urban center would have on the Edmonton Metropolitan Area, and on the city in particular. The Commission believes it fallacious to presume that an urban center of such size, or even smaller, could arise - particularly with industrial assessment not far removed - without a demand for secession from the M.D. If this is so, is it not wrong now that Strathcona should hold within its hands the power to determine and shape a major development which ultimately will be no part of the municipality and for which it will not then have any responsibility?

Some evidence was received in the latter part of the hearings to the effect that the M.D. would make available an area where housing would take care of the industrial area workers, and presumably this is one purpose behind the Campbelltown development. However, it is pointed out that the Campbelltown site on Section 27 is about 5 miles south-east of the Canadian Chemical Plant which will employ about 800 workers, whereas the Plant is only 2 miles from the residential area of Edmonton on the north side of the Saskatchewan River and only 1 mile from the present east boundary of the town of Beverly.

Furthermore, the heart of the present Industrial Area is about 5 miles northwest in the direction of the City from the present Campbelltown development, whereas a portion of Edmonton's east boundary is only 1½ miles west of the present centre of the Industrial Area, and the remainder of Edmonton's present crowded east boundary is at most only 2 miles distant. The Commission has no reason for thinking that the lure of lower taxes for the present will draw either now or later any substantial number of industrial workers from the homes they have established in the City. If residential space is available near Edmonton's present east boundaries the great majority will probably wish to be closer in, and be a part of the City with its urban amenities and a shorter journey to work. In the opinion of the Commission the Campbelltown subdivision was ill-advised having regard to the larger interest of the whole Metropolitan Area. Such development will not "most adequately and equitably provide for the orderly development of school and municipal services" within the Edmonton area, and, looking ahead, will not provide for "the equitable distribution of costs and the orderly development of the area".

The rural form of subdivision represented by Bailey No. 1 and Bailey No. 2, Hulbert and Whitecroft - all of which are small acreage residential holdings - are not the type of development that will bring large numbers of Industrial Area or other employees into the District, since the majority of families prefer to locate in integrated urban residential communities.

Part 2 - Assessment and Taxation

Table 2 of Exhibit 155E filed by the municipality gives the following particulars of assessment:

TABLE 1

TOTAL ASSESSMENT - 1948 to 1954
(in Thousands of Dollars)

YEAR	LAND	BUILDINGS AND IMPROVEMENTS	PERSONAL PROPERTY	TOTAL
1948	$ 6,397	$ 886	$ 839	$ 8,121
1950	6,390	3,485	1,171	11,046
1952	6,376	11,397	3,165	20,938
1954(Est.)	6,381	33,771	1,485	41,637

NOTE: Since the above Exhibit was filed the decision of the Alberta Assessment Commission is available on two industrial appeals, on which the final total assessment for the year 1954 was reduced from $41,637,000 to $37,460,600.

Exhibit 155E indicated the total assessment above stated may be broken down to show the portion that is attributable to "major industrial plants", and the assessment that remains, in accordance with the following two Tables:

TABLE 2

MAJOR INDUSTRIAL PLANTS ONLY - 1948 to 1954
(in Thousands of Dollars)

YEAR	LAND	BUILDINGS AND IMPROVEMENTS	PERSONAL PROPERTY	TOTAL
1948	$ 11	$ 333	$ --	$ 344
1950	11	2,792	159	2,961
1952	28	10,157	406	10,581
1954(Est.)	77	32,338	441	33,856

NOTE: The decision of the Alberta Assessment Commission above referred to reduced the total assessment on the aforesaid plants in the year 1954 from $33,856,000 to $29,680,000.

TABLE 3

REMAINDER OF ASSESSMENT AFTER EXCLUDING MAJOR INDUSTRIAL PLANTS - 1948 to 1954
(in Thousands of Dollars)

YEAR	LAND	BUILDINGS AND IMPROVEMENTS	PERSONAL PROPERTY	TOTAL
1948	$ 6,386	$ 553	$ 839	$ 7,776
1950	6,380	693	1,012	8,085
1952	6,348	1,240	2,759	10,347
1954(Est.)	6,304	1,433	1,044	8,781

A large drop in personal property assessed occurred in 1953-54, from over $3,000,000.to $1,485,000, largely because mobile equipment used in exploration and drilling was taken from the taxing jurisdiction of municipalities. It will be observed the total assessment from $8,121,000 in 1948 to the final

corrected assessment for 1954 at $37,460,000 jumped by 360%, and the amount of the increase was $29,339,000. Further, whereas the total assessment in 1948 was $8,121,000, by the end of 1954 the total assessment of all property excluding the major industrial plants in the Industrial Area, was $8,781,000. In 1955 the Sherritt-Gordon Plant near Fort Saskatchewan went on the Roll for the first time at $4,104,000. If the area proposed for annexation by the City were detached from Strathcona in 1955 it would appear that there would remain in Strathcona an assessment of approximately $11,300,000. The 1955 Budget was conservatively based on a total assessment of $37,000,000; by August 1955, there was over $10,000,000 in new construction going on in the Industrial Area which had not yet been assessed, and some $1,250,000 in new construction going on near Fort Saskatchewan in the same position. Late in 1955 Strathcona completed a new general assessment at a final total of $38,021,007. There were no material changes in farm lands.

The following Table indicates the per capita assessment of Strathcona compared with the City of Edmonton and the towns of Jasper Place and Beverly for the last four years, and is useful in showing the present contrast between the three urban areas and the rural area:

TABLE 4

ASSESSMENTS PER CAPITA - 1951 to 1954

YEAR	EDMONTON EX. 11E	BEVERLY EX. 99E	JASPER PLACE EX. 92 E	STRATHCONA M.D. EX. 155E & 187 E
1951	$ 850	$ 490	$ 480	$ 2,220
1952	1,060	720	490	2,825
1953	990	630	510	2,725
1954	1,000	650	540	4,570

Another Table presented to the Commission for the year 1953 affords a per capita comparison of assessment of Strathcona with the urban units and three rural municipalities adjoining Edmonton's boundaries.

TABLE 5

PER CAPITA ASSESSMENTS - 1953
IMMEDIATE EDMONTON AREA

MUNICIPALITY	PER CAPITA ASSESSMENT
Strathcona M.D.	$ 2,725
Morinville M.D.	1,190
Sturgeon M.D.	1,090
Stony Plain M.D.	1,070
Edmonton (City)	990
Beverly (Town)	630
Jasper Place (Town)	510

SOURCE: Exhibit 2E.

It is apparent from these Tables that the per capita assessments in Edmonton, Jasper Place, and Beverly, have varied little from 1953 to 1954; on the other hand, between these two years the per capita assessment in Strathcona jumped from $2,725 to $4,570. The Commission has no reason to think that from 1953 to 1954 there was much change in the per capita assessments of the rural municipalities of Morinville, Sturgeon and Stony Plain. If that is the case, the conclusions to be drawn from these Tables are very clear:

Firstly, Jasper Place and Beverly, being largely residential towns of a fringe nature, and lacking industrial and commercial assessment, have no hope of extricating themselves from their financial morass so long as the per capita assessment remains low. Following re-assessment, Edmonton's per capita has risen to $1,109 in 1955, but it cannot be said that this represents an adequate tax base to operate a fast-growing city of over 200,000 when the principal source of taxation is lands and improvements thereon.

Secondly, while the three urban centres that adjoin the Industrial Area of Strathcona are in varying degrees carrying on with the difficulties associated with a low or inadequate per capita assessment, the entire Municipal District of Strathcona had - in consequence of the Industrial Area - a per capita assessment that was 450% that of Edmonton, 700% that of Beverly, and 800% that of Jasper Place; and, measured against the other three rural municipalities that bordered Edmonton in 1954, the Strathcona per capita assessment was 380% that of Morinville, and 415% that of Sturgeon and Stony Plain.

Reference to the 1954 annual report of the Department of Municipal Affairs permits the calculation of per capita assessments in the Province for the year 1953 at different levels of municipal government, as follows:

TABLE 6

PER CAPITA ASSESSMENTS - 1953
PROVINCE OF ALBERTA

Type of Municipal Unit	Per Capita Assessment
All Municipal Districts	$ 1,300.00
All Villages	1,040.00
All Cities	905.00
All Towns	900.00

NOTE: Cities - includes business tax valuation and utilities assessment. Towns and Villages - includes assessment of utilities; also business tax or personal property assessment where appropriate. Municipal Districts - includes personal property assessment.

This Table points up the marked assessment poverty of Jasper Place at $540 in 1954 and Beverly at $650 in the same year. It also points up the phenomenal per capita assessment of Strathcona in 1954 at $4,570.

Exhibit 145E presented by Strathcona entitled "Some Aspects of the Urban Fringe-Area Problem in the United States", and the evidence of Dr. O.H. Brownlee, who presented the brief, deals with certain fringe communities in the United States, and details the per capita assessment of some 14 different communities which were the subject of annexation proceedings. These communities were of various types, including agricultural, residential, residential-agricultural, mixed commercial-residential-agricultural, low-grade residential, rural, and one area that was classed as "76% industrial". In none of these cases did the per capita assessment approach the $4,570. figure which Strathcona had in 1954. This fortifies the Commission in its conclusion that an extraordinary situation has been created in the Edmonton area by reason of the industrial development just outside the city. If Edmonton, Jasper Place, and Beverly in 1955 used Strathcona's 1954 per capita assessment, their combined assessment would approximate $1,037,000,000. Instead, it amounted to $243,386,000.

At the hearings Strathcona objected to firm conclusions being drawn from comparison of the wide variation in the per capita assessments in the area, and stated that Edmonton's assessment based on The City Act, was different from the assessment base in the municipality under The Assessment Act. Strathcona also submitted that property in Edmonton was not generally assessed as high as it should be. The Commission is aware that comparisons of this nature may not always be accurate; indeed, the Commission has reasons for thinking that even among rural municipalities under the same Act there can/be assessments out of line as between one municipality and another. The attainment of uniformity of assessment throughout the province is a slow process. However, the towns of Jasper Place and Beverly are assessed under the same Act as Strathcona, and the Commission has no reason for thinking that the citizens of these two towns have not been carrying their fair share of the tax load. The Commission is impelled to conclude that the variation in the per capita assessments in the Edmonton area are susceptible of the normal interpretation placed on such Tables by municipal authorities. It seems clear that a sum approaching $200,000,000 could not be invested in the short space of some 6 years in Strathcona - 85% of it in the Industrial Area immediately adjoining Edmonton - in what was essentially a

rural municipality immediately prior thereto, without a marked "imbalance" of assessments being created among the municipal bodies in the Edmonton Metropolitan Area.

The following Table compares the differing proportions of commercial- industrial assessment in each municipal unit in the Edmonton area. The remainder, in the urban areas, is residential. The years indicated are the last available.

TABLE 7

EDMONTON AREA - COMMERCIAL-INDUSTRIAL
ASSESSMENT AS A PROPORTION OF THE TOTAL

YEAR	MUNICIPAL UNIT	TOTAL ASSESSMENT	COMMERCIAL-INDUSTRIAL AS PERCENTAGE OF TOTAL
1954	Strathcona M.D.	$ 37,460,000	80.00 %
1955	Edmonton (City)	232,258,500	43.30 %
1955	Beverly (Town)	2,878,980	32.70%
1955	Jasper Place (Town)	8,249,510	11.70%

SOURCE: Commission records and Exhibits.

The low ratio of industrial and commercial assessment available for Beverly and Jasper Place reveals their tax poverty. The evidence disclosed that Edmonton's industrial and commercial assessment as a proportion of the total has been dropping steadily until the recent re-assessment; and, as more residences are built in Edmonton and more industries are established in Strathcona just outside the boundaries, the disparity will increase, and the City's percentage of assessment for industry will drop and that of Strathcona will increase. This is in marked contrast to the rural M.D. of Strathcona with a total area of 562 square miles possessing an industrial and commercial assessment of nearly $30,000,000 largely spread over an area of some 5,000 acres of the total of 359,000 acres, yielding 80% of the total assessment.

Mill Rates

Exhibit 57E records the mill rate in Strathcona M.D. from 1948 to 1954 as fullows:

TABLE 8

M.D. OF STRATHCONA NO. 83
MILL RATES FROM 1948 to 1954

YEAR	MUNICIPAL	CLOVER BAR SCHOOL DIVISION	HOSPITAL	TOTAL
1948	22	23	-	45
1950	21	22	-	43
1952	12	21	1	34
1954	11½	12½	1	25
1955	14	15	1	30

NOTE: 1955 Mill Rate obtained from Budget.

The following Table compares the mill rates of the three Edmonton urban centres with those of the 4 municipal districts surrounding the city:

TABLE 9

MILL RATES - EDMONTON URBAN AREA AND SURROUNDING MUNICIPAL DISTRICTS 1951-55

MUNICIPALITY	1951	1952	1953	1954	1955
Edmonton (City)	56	52.5	52.5	53	48
Jasper Place (Town)	53	49	55	54.5	46
Beverly (Town)	77	50	55	55	45
Stony Plain (M.D.)	52	48.8	59.3	67	58.5
Sturgeon M.D.	40.4	45.1	47.2	49	- -
Morinville M.D.	45.8	52	52	58	- -
Sturgeon River M.D.	- -	- -	- -	- -	51
Strathcona M.D.	34	34	34	25	30

SOURCE: Commission records and Exhibits. Effective January 1st, 1955, Sturgeon and Morinville Municipal Districts were amalgamated to form Sturgeon River M.D.

It will be observed that the Strathcona mill rate has been much lower than the other municipal units. Indeed, in 1954 all other mill rates were double that of Strathcona, except Sturgeon M.D. Nearly the same condition would have continued into 1955 except that Strathcona increased its rate to 30, and the remaining units were greatly benefited by the special 1955 education tax reduction subsidy. However, inequality will continue to exist in the area until the tax base is rearranged.

3. Revenue and Expenditures - 1953 and 1954

Particulars of the expenditures and revenue of Strathcona M.D. for the years 1953 and 1954 are consolidated as follows:

	1953 Exhibit 35E	1954 Exhibit 177E
Assessment	$ 21,263,000	$ 41,637,045 37,460,600 (as revised)
Expenditures		
General Government	52,743	61,463
Protection of persons and property	6,196	7,077
Public Works	273,746	376,178
Sanitation and Waste Removal	3,194	1,894
Health	46,860	57,619
Social Welfare	16,989	18,724
Recreation	2,341	461
Interest on loans etc.	1,132	3,226
Reserve for uncollectable taxes	3,191	4,776
Capital out of revenue	37,590	59,596
Health unit	9,702	10,114
Tax discounts	23,564	17,394
Miscellaneous	317	5,937
Busline subsidy	0	21,952
Total municipal:	477,565	646,411
Total education:	490,597	500,613
Totals	968,162	1,147,024

Revenues

Licenses and building permits	$ 178	$ 213
Rents and concessions	7,065	7,140
Interest, tax penalties, etc.	19,034	5,713
Service charges	2,873	2,587
Welfare assistance grants	3,234	4,306
Home for aged grants	3,633	4,133
Road grants	50,189	54,391
Land and forest leases	509	850
Agricultural Services Board	2,638	2,618
Hospitalization grants	21,683	25,017
Municipal assistance act	112,249	128,429
Private road contributions	1,534	1,696
Other revenue including poll tax	8,906	4,618
Totals	233,725	241,711
Real property tax	720,953	1,041,206
Totals	954,678	1,282,917
Mill rate on real property as levied	34 mills	25 mills

4. Assets and Liabilities.

The Financial Statement at December 31st, 1954, records total fixed assets of $442,859, the larger items being road equipment at $330,000 and the municipal offices at $87,000. The Revenue Fund Balance Sheet shows assets of $841,260 and liabilities of $414,923, leaving a surplus of $426,337. The item of $649,000 under Revenue Fund Assets representing taxes receivable - with a very substantial bank loan appearing on the liability side - was accounted for through two large industrial taxpayers having their 1954 assessments under appeal. The only debentures outstanding are those in respect to the Water Supply System in the amount of $176,133, and this debt is self-liquidating through collections from the consumers; the Water Supply System Balance Sheet shows a surplus of $28,314.

5. 1955 Budget

The 1955 Budget is as follows:

Estimated Assessment:		$ 37,000,000.00
Expenditures		
General Government		56,325.00
Protection of persons and property		7,500.00
Public Works		460,000.00
Sanitation and waste removal		2,000.00
Health - Incl. Hospital Agreements and Health Unit		75,500.00
Social Welfare		20,500.00
Recreation and Community		500.00
Interest and Exchange		5,000.00
Reserves and Contingencies		44,000.00
Capital Expenditure out of Revenue		50,000.00
Discounts on current taxes		25,000.00
Civil Defence		1,500.00
Miscellaneous		12,000.00
Busline Subsidy		23,000.00
Total municipal:		$ 782,825.00
Total education:		541,480.00
	Total	$ 1,324,305.00
Revenue		
Licenses and permits		300.00
Office building rentals		7,140.00
Interest and tax penalties		4,800.00
Service charges		1,150.00
Government road grants		60,000.00
Municipal assistance act		100,000.00
Other grants		42,350.00
Hospital Contracts		1,500.00
Miscellaneous Revenue		1,000.00
Total Revenue - other than taxes		$ 218,240.00
Tax Levy		
Municipal - 14 mills		518,000.00
Hospital - 1 mill		37,000.00
Education - 15 mills		555,000.00
Special Hutterite Colony School Levy - 33 mills on assessment of $37,170.00		1,230.00
	Total	$ 1,329,470.00

NOTE: Projected surplus - $5,165.00

Part 3 - Clover Bar School Division No. 13

1. History

This school division was formed some 17 years ago by amalgamating 80 small school districts to form one administrative unit with an area of approximately 1,500 square miles and a 1954 school population of 4,206. When the hearings opened in October, 1954, all of the Strathcona Municipality was included within its boundaries; also portions of the rural Municipal Districts of Beaver, Leduc, and Lamont, and the towns of Fort Saskatchewan and Leduc, and the Village of Calmar. By reason of containing the oil field areas of Leduc-Calmar, Wizard Lake, and a portion of Joseph Lake, the Division faced special problems arising from growing and fluctuating school populations.

Following the recommendation of the Co-terminous Boundary Commission, on January 1st, 1955, the area of the Division was reduced to approximately 562 square miles. The new boundaries coincide with the present boundaries of Strathcona and include also the fast-growing town of Fort Saskatchewan. As at June, 1955, the total enrolment was 2,112 pupils. The striking effect arising from the recent revision in boundaries is best illustrated by the fact that in 1954 only 53% of the total school requisition was levied on the area contained within the boundaries of Strathcona whereas in 1955 the Division draws 96% of its total requisition from Strathcona with the remaining 4% coming from the town of Fort Saskatchewan. In short, the School Division is now almost entirely dependent upon Strathcona for its tax revenue. It follows that any decrease in the assessment of Strathcona through the transfer of a portion to Edmonton will vitally affect the programme of the Division or the tax structure for school purposes, or perhaps both in varying degrees.

2. Attitude towards Annexation Proposals

The annexation proposals of the city of Edmonton mentioned earlier contemplate the transfer of about 20,000 acres from Strathcona Municipality - and thus from Clover Bar School Division - and involves an assessment loss of approximately $29,000,000.00 in terms of the 1954 assessment. The loss of such assessment would put the School Division back in the position of the average school division in the province, which is largely dependent upon non-industrial property as tax base; this was the position of the School Division until the Leduc discovery.

Considered in terms of the June 1955 enrolment, and/the City's suggested boundary proposals, it would mean a reduction of approximately 400 pupils from the June total of 2,112. In terms of school sites it would involve the loss of 5 distinct properties with about 12 rooms. One of these properties, the Braemar School with 3 rooms, is at present rented by the Division to the Edmonton Public School Board and is operated by that Board; this school had a total enrolment of 68 in June, 1955, of which 27 pupils were attending from the Division at a tuition charge of $135. each. The remaining 4 schools are King George Park, East Edmonton, South Edmonton and Clover Bar "Village". Irrespective of where any enlarged boundaries for Edmonton might be drawn, there is bound to be overlapping of the pupil load in certain schools for a number of reasons; for instance, boundary proposals were based on Edmonton's needs for expansion and without reference to the location of rural schools; again, due to the development of pupil transportation by bus in rural areas, pupils are not always resident in the area immediately adjacent to a school. This is well illustrated by reference to the Salisbury Rural High School located on Highway No. 14 in the north east corner of the N.E. of 20-52-23-W.4th, 4 miles due east of Edmonton's existing east boundary, and just 1 mile east of the proposed enlarged boundary. This splendid modern school has 8 classrooms with an auditorium and rooms for shopwork and home economics, with a June 1955 enrolment of 260 pupils in Grades 8 to 12. Pupils are transported daily from up to 15 miles distant.

Throughout the hearings the School Division strongly opposed any plans which would result in loss of the industrial assessment adjacent to Edmonton; the arguments in support of such view are briefly summarized as follows:

Firstly: Rural school divisions should have firm assurance that they will not be subjected to major boundary changes that would affect adversely long-range financing plans and make impossible the attainment of educational opportunities for rural children equal to those presently enjoyed by urban children. Is it right that when industrial development takes place in a rural area that the increased assessment arising should be transferred to the nearest urban area for the support of urban schools?

<u>Secondly</u>: Since there has been a considerable movement of people from the city areas to establish their homes in rural areas, should these people who left the city of their own free will be forced to become part of the city again or should they be accorded the right of self-determination in the matter of choosing the form of local government they desire?

<u>Thirdly</u>: If the annexation proposals of the City were granted it would provide a dangerous precedent for other urban areas to ask for similar action, all of which would be to the detriment of rural school divisions, and would disrupt their operations and long-range planning.

<u>Fourthly</u>: Since a portion of the Edmonton argument for the assessment was based on the premise that the taxes levied on industry should go to the local government which educates the children of the employees, would not the acceptance of this principle require the imposition and collection by the province of an education tax upon all industry in the province, and the disbursement of the tax proceeds in the form of per pupil grants to school divisions and other school districts?

<u>Fifthly</u>: The transfer of the industrial assessment from the Industrial Area of Strathcona Municipality to the City of Edmonton would create a still greater disparity between the opportunities of rural and urban children and would amount to a discriminatory action seriously detrimental to the welfare of rural children.

<u>Sixthly</u>: The Edmonton Metropolitan Area consists of something more than the urbanized areas of Edmonton, Jasper Place, and Beverly, with a narrow fringe of rural territory added thereto; it consists of the urban core and rural and semi-rural communities within a radius of 20 to 25 miles. The bringing about of orderly and affective development of such larger community would not require the surrender of local "autonomy" by existing local governments. "The municipality should be free to plan and put into effect local improvements of which they are capable so long as in so doing they do not infringe upon the rights or well-being of neighboring municipalities."

<u>Seventhly</u>: If the time ever came that the revenue available to the School Division were greatly out of proportion to its needs there might be some justification for the outside local authorities demanding that such source of revenue

be curtailed; even then, if any action were taken, it would violate the local autonomy of the Board and of the municipal district. The School Division should not be deprived of any industrial assessment unless adequate financial compensation was provided at the same time to enable the Board to give effect to its present long-range plans for education improvements.

The School Division thus argued strongly for the retention of the status quo subject to one important exception: it offered to take within its boundaries the Town of Beverly School District No. 2292. This proposal would unquestionably lighten the burden of school taxation in Beverly provided Edmonton's present east boundary is not allowed to expand into the Industrial Area, but it does not contribute to a solution of the school financial problem of the town of Jasper Place, nor does it afford an answer to the combined school and municipal problems of Edmonton and environs.

3. Assessment and Taxation.

During the year 1954 the School Division had available from the four Municipal Districts which were within its boundaries in whole or part, and the Village of Calmar and the towns of Fort Saskatchewan and Leduc, a total assessment of $39,448,800., of which $21,009,000. was the assessment of Strathcona Municipality. However, the requisitions for the year 1954 in accordance with usual practice, were based on the actual assessments of the municipal units in the preceding year. Thus, the 1954 requisition on Strathcona was based on the 1953 assessment of $21,009,000., but the final 1954 assessment in Strathcona was $37,460,600. On the basis of the revised boundaries of the School Division effective January 1st, 1955, and using the 1954 Strathcona assessment at $37,460,600. and the 1954 town of Fort Saskatchewan actual assessment at $1,498,250. there is available in 1955 a total assessment for school purposes of $38,958,850. The total June 1955 enrolment was 2,112. This gives the Division a per pupil assessment of 18,446. The following Table permits a comparison of per pupil assessments between the Edmonton urban area and Clover Bar School Division:

TABLE 10

PER PUPIL ASSESSMENT - CLOVER BAR AND EDMONTON URBAN AREA

YEAR	CLOVER BAR SCHOOL DIVISION	EDMONTON PUBLIC	JASPER PLACE	BEVERLY
1953	$ 9,716.	$ 5,666.	$ 2,340.	$ 2,513.
1955	18,446.	6,681.	2,273.	3,039

SOURCE: Commission records and budgets.

It is apparent that a wide disparity exists in the area in respect to the tax base supporting schools. It is equally apparent that this disparity exists by reason of the industrial development already mentioned.
is obvious that as industrial development continues in the same area this disparity will become more marked.

The following Table permits a comparison of per pupil assessments among the three School Divisions that adjoin Edmonton's boundaries and the Edmonton Public School Board.

TABLE 11

PER PUPIL ASSESSMENT - SCHOOL DIVISIONS ADJOINING EDMONTON AND EDMONTON PUBLIC SCHOOL BOARD AS AT JUNE, 1955.

SCHOOL AREA	ASSESSMENT	JUNE 1955 ENROLMENT	PER PUPIL ASSESSMENT
Clover Bar School Division	$ 38,958,850	2,112	$ 18,446.
Stony Plain School Division	11,049,463	2,873	3,846.
Sturgeon School Division	12,003,613	2,404	4,993.
Edmonton Public School Board	185,740,000	27,802	6,681.

SOURCE: (1) 1955 Budgets and June, 1955 Enrolments - with Strathcona M.D. assessment computed at $37,460,600. (the actual 1954 assessment) and not at $37,264,564 as recorded in 1955 School Division Budget.

Put another way, in 1955 the Clover Bar per pupil assessment is 369% in terms of Stony Plain, 479% in terms of Sturgeon, and 276% in terms of the Edmonton Public School Board.

4. Mill Rates

Having regard to the large per pupil assessment available in Clover Bar School Division it is interesting to note that despite the substantial rise in school expenditures the mill rate for school purposes in both the town of Fort Saskatchewan and Strathcona Municipality is low, as indicated by the following Table comparing the mill rates of rural and urban municipalities in the Edmonton

Area with those of the town of Fort Saskatchewan and Strathcona Municipality (which comprise Clover Bar School Division).

TABLE 12

1954 AND 1955 MILL RATES
EDMONTON AREA MUNICIPAL UNITS

	1954			1955		
MUNICIPAL UNIT	SCHOOL	OTHER	TOTAL	SCHOOL	OTHER	TOTAL
Fort Saskatchewan (Town)	21	21	42	12	30	42
Strathcona M.D.	12.5	12.5	25	15	15	30
Sturgeon M.D.	31	15	49	—	—	—
Morinville M.D.	34	24	58	—	—	—
Sturgeon River M.D.	—	—	—	31	20	51
Stony Plain M.D.	34	33	67	27.5	31	58.5
Edmonton (City)	31.65	21.45	53	24.5	23.5	48
Jasper Place (Town)	42	12.5	54.5	28.5	17.5	46
Beverly (Town)	33	22	55	27.5	17.5	45

SOURCE: Commission records. The general reduction evident in the rates for school purposes in 1955 reflects the special school tax reduction subsidy introduced by the province in that year, but Clover Bar School Division because of its large tax base was unable to qualify for any subsidy.

The disparity in school mill rates in the area is obvious, with Strathcona and Fort Saskatchewan in a very preferred position. By 1954 all the above units outside of Clover Bar's boundaries levied double or triple the Clover Bar rate. The 1955 education tax reduction subsidy largely accounts for the different position in that year, but inequality still exists. Keeping in mind that Edmonton, Jasper Place, and Beverly's combined population is twenty-seven times that of Strathcona M.D. but their combined assessment is only six and a half times, the reason for the wide variation is obvious.

5. Revenue and Expenditure - 1953 and 1954.

	1953 Actual	1954 Actual
Number of Students:	4,085	4,266
Expenditures:		
Administration	17,535	19,189
Instruction	441,629	560,128
Instructional Aids	39,966	49,511
Plant Operation	78,883	100,873
Transportation	137,875	174,191
Auxiliary Service	3,124	4,862
Tuition Paid	10,473	230
Miscellaneous	2,755	3,847
Debenture Payments	22,591	60,541
Total Current:	754,831	973,372
Capital from Revenue:	223,432	566,294
Total Expenditure:	$ 978,263	$ 1,539,666
Revenue:		
Operating Grants	138,117	201,792
Miscellaneous	21,193	28,687
Requisitions	940,000	940,000
Total Current:	1,099,310	1,170,479
Capital Grants:	101,916	108,187
Total Revenue:	1,201,226	1,278,666
Surplus or Deficit	222,963 S	261,000 D
Excess of Current Revenue	$ 367,070	$ 257,648

SOURCE: Exhibits and Commission records.

NOTE: (1) It must not be assumed that either in 1953 or 1954 the items indicated as "capital from revenue" were actually charged into the mill rate. For example, the 1953 Budget provided a total of $518,000. as capital expenditure out of revenue, but $223,432. only was spent from revenue, leaving a difference of $294,600. This is approximately the amount provided from the proceeds of debentures which went into "revenue", and accounts for the surplus of $222,963. Furthermore, in 1953 capital grants amounted to $101,916. (2) In 1954 construction grants amounted to $108,187. and debenture borrowings of $144,000. were effected. The 1954 deficit of $261,000. was being taken care of through surplus cash funds.

6. 1955 Budget - Revenue and Expenditure

The 1955 Budget appears below. It has been broken down to clearly separate the capital items from the actual operating expenditure.

Number of Students: (See Note Below)		2,212
Expenditures		
Administration:		15,552.
Instruction:		315,000.
Instructional Aids:		28,000.
Plant Operation:		63,000.
Transportation:		95,000.
Auxiliary Services:		4,000.
Tuition:		8,000.
Miscellaneous:		4,100.
Debenture Payments:	$69,526.00	
Less Portion payable by Strawberry Sch. Div.	34,763.00	34,763.
Total Current Expenditure (excluding Capital out of revenue:		567,415.
Capital - for new school construction and equipment:	$540,000.00	
Less portion from debentures:	260,000.00	
Balance:	$280,000.00	
Less: Capital Construction Grant:	139,000.00	
Total actual Capital Expenditure from revenue:		$141,000.
Total Current Expenditures (including capital out of revenue):		$708,415.
Revenue		
Operating Grants:		129,500
Miscellaneous:		16,000.
Requisitions: (Strathcona $540,250; Fort Sask. $21,750; other $1,200).		563,200.
Total Current Revenue:		$708,700.
Estimated Surplus:		285.
Excess of Current Revenue over Current Expenditure (excluding capital out of revenue):		$141,285.

SOURCE: Commission records.

NOTE: (1) The number of students is the actual September, 1955 enrolment.
(2) In respect to the debenture payment item of $34,763.00 payable by Strawberry School Division, this will be an annual item over future years, although it will constantly decrease. It represents the portion of the annual debenture charges from year to year that will be paid by Strawberry School Division arising out of the separation of certain assets as at January 1st, 1955, with the transference to Strawberry School Division of certain school properties that remain subject to debenture debt that is in the name of Clover Bar School Division.

Comparing the 1955 Budget with the statements of previous years, it is obvious that although the 1955 revision of boundaries reduced the area of the School Division by nearly two-thirds and the school population by nearly one-half, comparative expenditures remain higher.

It will be useful at this point to compare Clover Bar School Division with the two other School Divisions that adjoin Edmonton, Sturgeon and Stony Plain, and with the Edmonton Public School Board, indicating the difference in operating costs and other factors between the one that has recently come to a point of considerable wealth through industrial assessment, the two which substantially depend on rural assessment, and the City.

TABLE 13

MISCELLANEOUS COMPARISONS - THREE SCHOOL DIVISIONS ADJOINING EDMONTON AND EDMONTON PUBLIC SCHOOL BOARD - 1955 BUDGETS

	CLOVER BAR	STURGEON	STONY PLAIN	EDMONTON P.S. BOARD
1. Enrolment	2,212	2,608	3,153	30,540
2. Total Current Expenditure (including capital out of revenue):	708,415	702,574	638,600	7,059,084
3. Less capital out of revenue:	141,000	30,009	none	none
4. Balance of Current Expenditure:	567,415	672,565	638,600	7,059,084
5. Per Pupil Current Expenditure (excluding Capital out of Revenue):	256	257	202	231
6. Total Operating Grants:	129,500	330,464	341,854	2,425,965
7. Portion of Item 6 represented by 1955 education tax reduction subsidy:	none	124,837	69,943	1,160,692
8. Per Pupil Operating Grant (based on Item 6);	58	126	108	79
9. Net Per Pupil Cost to Taxpayer:	198	131	94	152
10. Total Requisition:	563,200	366,110	276,636	4,546,119
11. Per Pupil Requisition:	254	140	87	149
12. Total Operating Grants expressed as a percentage of operating grants and requisition combined:	18.6%	47.4%	55.2%	34.7%

SOURCE: 1955 Budgets and September 1955 Enrolments.

This Table clearly indicates that with a lower mill rate Clover Bar receives a much higher return on a per pupil basis on its requisition, that the total per pupil expenditures are higher in Clover Bar and Sturgeon than in the City and Stony Plain. Also that provincial grants are proportionately much less to Clover Bar at present by reason of its high assessment and low mill rate. Capital expenditures out of revenue are excluded in the computations because they distort the actual position.

No useful purpose will be served by reviewing the substantial per pupil increase in expenditures that has taken place in the last five years in consequence of the assessment from the Industrial Area being available. The Board quite properly took full advantage of the situation to improve school facilities and this was possible to a marked degree with a declining mill rate. Since 1947 the highest mill rate in Strathcona Municipality for school purposes was 23 mills in 1948, and the lowest was 12½ mills in 1954. The decline in mill rate was not as great as might have been expected because other municipal units were within the School Division until the end of 1954 and, as the Strathcona assessment increased at a much more rapid rate than these others, a higher percentage of the total educational load was transferred to Strathcona. The net result was that the remaining municipal units also received the benefit (for educational purposes) of the increased assessment in Strathcona. During this period considerable capital expenditure was made out of current revenue, new schools were built, central high school facilities were expanded, and teachers' salaries were improved. The average salary for teachers in 1947 - 1948 was $1,768.32 as compared with $3,289. in 1953 - 1954.

7. <u>Effect of Annexation Proposals</u>

If Jasper Place and Beverly were amalgamated with the City of Edmonton and the boundaries of the City enlarged to the extent requested in the Edmonton proposals, the position of the Division would be greatly altered. Its area would be reduced by approximately 20,000 acres, from 359,680 to 339,680. The enrolment would drop by about 20% from the September, 1955 enrolment of 2,212 to 1,770. No doubt the enrolment at the town of Fort Saskatchewan adjoining the new Sherritt-Gordon Plant, will continue to increase at a rapid rate; from June, 1954, to June, 1955, the Fort Saskatchewan enrolment increased by 132 from 528 to 660 pupils.

The assessment loss would be heavy with the transfer of the Industrial Area to the City. There would probably be available a total assessment of about $13,160,000. (made up of $11,300,000. from Strathcona and $1,860,000. from Fort Saskatchewan) on the basis of the 1955 Budgets. The new per pupil assessment of about $5,950. would compare favourably with the 1955 per pupil assessments of Stony Plain School Division at $3,846. and Sturgeon School Division at $4,993. It must be kept in mind that precise calculations made now may be of little use a few months hence by reason of variation in the total assessment, the pupil load, or other factors. Furthermore, the Commission - for reasons which will be apparent in later chapters - is recommending the detachment of a slightly larger area than covered by the proposals of the City. No purpose would thus be served by further calculations based on the city's boundary proposals.

There can be no doubt that the mill rate in the new area would rise, and provincial grants would increase. Certain school standards have risen in recent years with the higher tax base available, and these could not be reduced. Nor would it be desirable that stringent economy should be enforced. The bulk of school expenditures are uncontrollable. Further consideration will be given to these matters in subsequent chapters.

Part 4 - The Industrial Area.

1. The Nature of the Area

Earlier in this chapter we defined the approximate area proposed for annexation and referred to the industrialization being largely scattered over some 8 different sections (5,120 acres); Edmonton's total east boundary running north and south is about 7 miles long with $2\frac{1}{2}$ miles on the north side of the North Saskatchewan River and $4\frac{1}{2}$ miles on the south side, where it adjoins the M.D. of Strathcona. The present heavy development extends eastward from this east boundary on the south side of the river for about 3 miles, but on the southern 3 miles of the $4\frac{1}{2}$ miles of Edmonton's east boundary above referred to there is a strip 1 mile wide running north and south between Highway No. 14 on the south and Highway No. 16 on the north which is largely agricultural land with considerable fringe residential settlement immediately contiguous to Edmonton's east boundary. The major present industrial development is concentrated in the northern and mid section of the area. The only major industrial assessment outside of this area within the M.D. is the plant of Sherritt-Gordon Mines adjoining the town of Forth Saskatchewan, some 13 miles north-east. It is characteristic of the bigger industries that they require a large area of land as indicated by the following holdings:

TABLE 14

LAND HOLDINGS OF LARGER INDUSTRIES

NAME OF INDUSTRY	ACREAGE HELD
Canadian Chemicals Ltd.	456
Imperial Oil Limited	512
British American Oil Company Limited	475
McColl-Frontenac Co. Ltd.	390
Canadian Industries Ltd.	295
Interprovincial Pipeline Company	152
Trans Mountain Oil Pipe Line Co.	153

SOURCE: Commission records and Exhibits.

The above table is misleading unless some comments are made: The larger industries have generally acquired more land than they actually need, looking to the possibility of future expansion, and, in some cases for related industry that might wish to establish along side. For example, Inland Chemical Company is now building on the 800-acre Sherritt-Gordon site near Fort Saskatchewan; Sherritt-Gordon is actually using only 150 acres of the total area,

and the balance is being farmed. Canadian Chemicals in the Industrial Area is only actually using a small portion of the total area of 456 acres. Of the 295 acres acquired by Canadian Industries Limited, only 30 acres is actually occupied by the plant, and the balance of the holding is for future expansion and for safety. The oil refineries have also in mind the expansion and safety factors; the very nature of the operations require considerable space around the plants.

2. Investment in Industry.

It is also characteristic of the larger industries that the capital investment is very high.

TABLE 15

CAPITAL INVESTED - LARGER INDUSTRIES

INDUSTRY	CAPITAL INVESTED
(A)	$ 78,329,000
(B)	32,000,000
(C)	8,200,000
(D)	10,036,000
(E)	13,937,000
(F)	3,945,000
(G)	4,300,000
(H)	2,600,000
(I)	246,888
	$ 153,593,888
Add estimated construction under way in August, 1955, not included in above:	10,000,000
TOTAL	$ 163,593,888

SOURCE: Commission records and Exhibits.

To the above total of $163,593,888 invested in the Industrial Area must be added the Sherritt-Gordon Mines investment at Fort Saskatchewan of approximately $26,000,000 and other construction under way at Fort Saskatchewan of about $1,250,000. A figure of $200,000,000 would represent a fair estimate of the total actual investment and construction under way in Strathcona since 1948, with the bulk of it in very recent years.

3. Capital Invested in Terms of Employees Hired

The ratio of capital invested per employee is staggering in some of the industries, largely accounted for by reason of the expensive processing equipment, amounting from 65% to 75% of the total actual assessment for tax purposes, as indicated by the following Table :

TABLE 16

CAPITAL INVESTMENT PER EMPLOYEE

INDUSTRY	CAPITAL INVESTED PER EMPLOYEE
Industry A	$ 100,000
Industry B	71,000
Industry C	60,000
Industry D	80,000

SOURCE: As for Table 15.

4. Employment in the Area.

An exhibit filed by Strathcona in January, 1955 listed 22 principal employers in the Industrial Area having 2,068 employees, of whom 1,077 were married and whose families had 860 children attending school and 1,060 children of pre-school age. The total combined annual incomes was $8,000,000 for an average of about $4,000 per annum. Wages and working conditions are favourable. The following excerpts from Exhibit 155E indicate the places of residence of these employees:

TABLE 17

PLACE OF RESIDENCE OF EMPLOYEES

PLACE OF RESIDENCE	NO. OF EMPLOYEES
Edmonton	1,900
Beverly	35
Jasper Place	47
M.D. of Strathcona	57
Other	29
Total .	2,068

SOURCE: Exhibit 155E

The Table also showed the residence of the employees prior to taking employment in the Industrial Area, and of those employees now resident in Edmonton, 1,443 of them had their previous residence there. It was argued for Strathcona that except to the extent new employees had come to the City they were not a tax burden on Edmonton where the school and municipal services were being provided. This argument overlooks the fact that while they were employed in Edmonton the City was receiving the taxes from their places of employment. Tables were also introduced to show that some employees who work in industries in Edmonton were residing in Strathcona where their children were being educated. Having regard to the principles upon which the Commission feels its decisions should be based, this/offsetting factor is trifling.

5. Why Industries located in the Area.

Many reasons were advanced as to why the major industries located in the Edmonton area. The discovery of oil and gas in large quantity near Edmonton was a basic prerequisite for most industries; the availability of an ample water supply is a dominating factor in the refining industries; it was distinctly preferable that the location should be downstream from the point at which Edmonton was taking its water supply from the river; the availability of of land was another factor; and particularly of substantial areas of level topography; in respect to any industry of offensive odor, it was desirable it should be downwind, if near an urban centre; listed high in accounting for the degree of concentration is the extent to which certain of the industries are dependent upon the products or by-products of the other; the availability of railway spur lines with both C.P.R. and C.N.R. connections that could be constructed without undue cost was another factor. Within the then existing boundaries of Edmonton it would not have been possible for the industries to locate. No space was available within the City limits.

Strathcona officials frankly stated it was the industries that had sought the area; it was not the Council that had sought the industries. Once the industries came in, it is evident the Council did its utmost to make conditions favourable. Despite the important location factors referred to above the Commission is satisfied the availability of the labour pool Edmonton affords was also a dominating factor, together with the amenities available to the working force if the industries were near a larger urban centre; employees require housing and educational facilities and recreation, and these were all available in the City.

6. Water Supply and Sewage Disposal.

On August 10th, 1951, Strathcona entered into an agreement with the City of Edmonton for a period of 20 years subject to certain provisions for review whereby the City agreed to supply the municipality at the City rates plus a surcharge of 35%. The M.D. was to take delivery at a point of connection with the City main on the boundary at 75th street and 101st avenue, (at Highway No. 16). The agreement provided that the M.D. was to construct its distribution system to City standards. The agreement was amended on April 24, 1953, to provide that the 24-hour consumption was not to exceed one million imperial gallons. Since then the municipality applied to the City for a further increase

to two million gallons per day, but no agreement has been completed, and such failure has been a source of friction.

The evidence indicated the municipality had different proposals under consideration to establish its own water treatment and pumping system; that the most convenient point of intake would be downstream from the City; and, that the latter proposal was not feasible mainly because of Edmonton's untreated or inadequately treated sewage. The Consulting Civil Engineer employed by Strathcona made a survey for an intake above the City, at which point a water treatment plant would be built. The plan was to pipe the water a distance of some 8 miles, beyond the south boundary of the City, and then north-east to the Industrial Area. The total estimated cost was $2,300,000. The plan was not proceeded with because of the agreement entered into with Edmonton. However, it was stated that as the consumption in the area increased a point would be reached where it would be more economical to proceed with its plans and discontinue the city agreement.

The present supply line from the city connection proceeds along Highway No. 16 east for 3.75 miles and thence a little over 1 mile south to the north-east corner of Section 30 where, in 1954, the M.D. erected a one-million-gallon capacity reservoir at a cost of $30,000. The purpose was to build up a reserve during the off-peak periods in the City, and also to increase pressure. Exclusive of connections, this represents the entire system. It is intended in 1956 (at a cost of $300,000) to extend the line south to Highway No. 14, some 2 miles. In February, 1955 the average daily consumption was reported at one-half million gallons, and indications were such rate would steadily increase.

The net cost of the water supply system as at December 31st, 1954, is best summarized by quoting the statements of Reeve Adamson appearing in the Financial Statement for the year ending December 31st, 1954, as follows:

> "Your Council continues to build up its water transmission system in the Industrial Area. During the past year a total of $100,287.75 was expended for capital purposes in constructing a water reservoir and also the start on a new line to service a new industrial plant. I would reiterate here what has been said many times before: the water system pays for itself and no money from taxation is diverted either for capital or maintenance costs of the line. We know that the ratepayers realize that this is a very important factor in locating industries in the District and that at all times it must be kept up to date.

> In the Spring of 1954 the ratepayers of the Municipal District approved a by-law authorizing the debenture borrowing of $100,000 to construct a water reservoir with the necessary connecting lines. This project was practically completed by the end of 1954. The cost of capital construction in 1954 amounted to $100,287.75. A portion of the line built in 1953 was sold to the City of Edmonton when the City annexed the area served by the line. The line was sold at the capital cost of $30,348.01. With these adjustments the capitalization of our system is is $248,923.77 at December 31st, 1954."

The water line exists essentially for the service of the industrial plants; the three refineries have their own water intakes, and Canadian Chemical Company has its own intake and water treatment system and purification plant; by reason of its location at the extreme north end of the Industrial Area it is not connected with the municipal system. The M.D. does not operate any sewage disposal system; each plant has its own septic tank unit.

7. Fire Fighting Services

Strathcona does not operate any fire fighting services. An informal agreement with the City provides that their Department will respond to calls. The Reeve stated that in 1954 the M.D. paid $1,400 covering 10 calls of which only one was to an industrial plant. The major plants by their very nature have their own fire fighting equipment and services organized. It was also stated that arising out of Civil Defence discussions it was recently proposed a fire chief should be appointed and the fire fighting equipment that is privately owned by the plants should be so organized on a mutually acceptable basis that the same would be available for general use. Canadian Chemical Company Limited, Canadian Industries Limited, Building Products Limited and Southern Garage Limited - all located in the Industrial Area with the exception of the latter - have agreements in writing with the City for furnishing help in the event of fire.

8. Electricity.

The extensive installations of Calgary Power Limited in the Industrial Area act as the distributing point for north and central Alberta. Energy is brought from the hydro projects west of Calgary to the Industrial Area at 138,000 volts, where it is stepped down to 66,000 volts, and thence is distributed north-east to Fort Saskatchewan and the Redwater Oil field, east to Macklin, Saskatchewan; south-east to the Camrose and Wainwright areas, south-west to the Devon area, and north to the Westlock and Barrhead areas. By 1956

it is planned to have the system connected with the new 66,000 K.W. thermal plant being erected on a coal-field some 40 miles west of Edmonton. Heavy users of industrial power are able to purchase power from the Company at extremely low rates; indeed, some rates approximate one-third less than the rate at which the City Power Plant wholesales its energy to the City Distribution System. The City does not supply any of the heavy industrial load. At present, no municipal tax is payable by the Company to Strathcona on the works or transmission lines situated within the M.D. by reason of Section 3(1) of "The Electric Power Taxation Act" which reserves to the province the right to tax such facilities beyond the limits of any city, town or village up to 10 mills on the assessed value. No tax is levied by the province under this Act at present. However, upon the boundaries of Edmonton being extended to include any portion of Strathcona traversed by works and transmission lines of the Company, the City would be entitled under the Act to levy 10 mills or such lesser rate as might be fixed by the Lieutenant Governor in Council, unless statutory provision were made to the contrary. The President of the Company stated that some of their larger industrial customers were much disturbed over the possibility their rates might be increased if they were taken inside the City. This subject is dealt with further in Chapters 9 and 15.

9. Gas Services.

Northwestern Utilities Limited, which holds exclusive franchises for the distribution of natural gas in the towns of Jasper Place and Beverly and in Edmonton (including any boundary extensions) "for domestic and heating purposes ... but not exclusive for the supplying of natural gas for manufacturing or power purposes", is the chief general supplier in the fringe areas adjoining Edmonton; however, no exclusive franchise is held in any portion of Strathcona. The question of natural gas is examined in Chapters 9 and 15.

10. Telephone Service.

Edmonton owns and operates its own telephone system within its boundaries; outside the present boundaries in Strathcona the South Edmonton Mutual Telephone Co. Ltd. operates in the immediate rural area and in the fringe area immediately adjoining the City. However, beyond the City limits the Alberta Government Telephones is also involved by reason of handling long distance calls, and also because there are a considerable number of phones in the Industrial Area listed in the Edmonton Directory as customers, which use the

Alberta Government Telephones cable to establish their direct connections with the City. The equipment is charged out at the regular City rate plus an A.G.T. cable mileage charge of $3.00 per mile per month, plus a city surcharge of 75 cents per mile per month, plus an additional $1.00 monthly charge for city bookkeeping of the A.G.T. charges. There are also a few phones just beyond the City limits to the south, and on Highway No. 2 and on Highway No. 14 that use a city cable; the equipment is charged at the regular rate plus a monthly surcharge of 75 cents. Again, this matter is more particularly dealt with in Chapter 15.

11. Transport Services

The principal transportation service is supplied by Diamond Bus Lines Ltd., a private company, which holds a certificate from the Alberta Highway Traffic Board. All certificates are terminable at the pleasure of the Board. In January 1955, the Company was operating between the town of Jasper Place and downtown Edmonton; also a contract bus service to the Jasper Place schools, and on a regular schedule from downtown Edmonton to the Industrial Area along Highway 16, and special charter services for industries along such route, serving the three refineries and two pipeline terminals, and certain other industries. The Company has a contract with Strathcona whereby it is guaranteed income to a minimum of 50 cents per operating mile. Thus, to the extent that actual fares collected in respect to services in Strathcona fall short of 50 cents per operating mile, the M.D. subsidizes the Company. This arrangement has been in effect since March 31st, 1954. The single fare to the Industrial Area is 10 cents; pick-up points include the Union Bus Depot on the north side of the City and 82nd Avenue and 109th Street on the south side. From March 31st to December 31st, 1954, the amount of the subsidy paid to the Company was $21,952.37. The Company was incorporated April 30th, 1953, and uses 14 buses in its total operations, owns its own garage in the City, and submitted details as to its financial position. (See Chapter 15.)

12. Attitude of Industries towards Annexation.

Briefs were submitted and evidence was given on behalf of Sherritt-Gordon Mines Limited, Canadian Chemicals Limited and Canadian Industries Limited. No submissions were made by the oil refineries, pipe line terminals, or other industries. Calgary Power and Northwestern Utilities made submissions as public utilities in respect to the distribution of electricity and natural gas. The

submissions of the first three companies largely related to taxation, dealt with elsewhere in this Report. It was clear that none of the companies wished to stand in the way of any reorganization of the area which would result in better municipal services or which was deemed to be in the best interest of the area as a whole.

13. Relationships between City and M.D. Council

With large industrial and assessment growth taking place on the immediate outskirts of the City, and the tremendous population expansion and building activity going on in the City at the same time - albeit the greater portion of it residential construction dollarwise - numerous matters were occurring which called for consultation between City and Strathcona officials. It was perhaps inevitable that frictions would arise. Studies elsewhere indicate that with a multiplicity of local councils, each bordering on the other, trying to serve a metropolitan area which in fact is one economic and social unit, differences are bound to arise. The M.D. complained about not being informed by the City as to the construction of the new large sewage disposal plant on the river front just outside the City. Prior to this Strathcona had protested the inadequacy of the treatment of sewage that was being discharged into the river, and which the M.D. claimed ruled out their proposed establishment of a water treatment plant. The closing of 92nd Avenue by the City on its east boundary without notice to the M.D. arising out of the planning of a city residential neighborhood unit was mentioned. The failure of the City to extend the Water Agreement from delivery of 1,000,000 gallons to 2,000,000 gallons per day pending the report of this Commission was also the subject of adverse comment. Then, the differences of opinion between city officials and the M.D. on the Campbelltown Townsite proposals was another source of irritation.

On the other hand, the City at times has felt, particularly since Strathcona left the Edmonton District Planning Commission in August, 1954, that subdivisions were being authorized and permits were being granted in Strathcona at locations not in the best interest of the City.

It is clear that since the withdrawal of Strathcona from the Edmonton District Planning Commission that relations have deteriorated. The Commission is of the opinion the withdrawal decision was particularly

unfortunate, coming as it did at a time when a high degree of co-operation was necessary. In effect, it was tantamount to Strathcona serving notice on the rest of the area that it intended "to go its own way". However, looking back over the few years since 1948 when such rapid development was taking place on both sides of the boundary, and considering the many problems that had to be met, much co-ordinated thinking and work took place between the two Councils.

CHAPTER 12. THE CASE FOR AMALGAMATION.

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Outline of Chapter contents

Part 1 - General

1. The basic metropolitan problem.
2. Reorganization of local government in rural Alberta.
3. Amalgamation proposals in Calgary and Edmonton areas.
4. Basic considerations applicable to both areas.
5. Tax poverty of fringe towns compared with others.

Part 2 - The Calgary area.

1. Population and assessment.
2. Attitude of fringes and Calgary towards amalgamation.
3. Inequalities existing in the area.
4. Amalgamation recommended.

Part 3 - The Edmonton area.

1. Population and assessment.
2. Attitude of fringe towns and Edmonton towards amalgamation.
3. Attitude of Municipal Districts adjoining Edmonton.
4. The Strathcona case against annexation.
5. Final proposals of Strathcona Municipality.
6. Amalgamation of Edmonton, Jasper Place, and Beverly.
7. Proposal to annex a portion of Strathcona Municipality.
8. Further principles applicable in arriving at decision.
9. Special recommendation in respect to Campbelltown Townsite.
10. Clover Bar School Division.

CHAPTER 12. THE CASE FOR AMALGAMATION

Part 1 - General

1. The basic metropolitan problem

The problem of metropolitan growth is one that has been uppermost in the minds of students of local government on the North American Continent for a generation, but until recent years very little has been done about it. It will be useful to examine some of the evils in terms of larger centres before discussing what can be done to rescue the Calgary and Edmonton areas before it is too late. Basically, the problem has arisen through the shift in population from rural to urban living following the speeding up of industrialization and the ubiquity of the motor car. The crippling effects seen in most metropolitan areas are characterized by a maze of local governments, Boards of Education, and Commissions administering various municipal services with none responsible to the other and a lack of integrated effort on behalf of the total metropolitan area despite its economic oneness. Population has spread all over the countryside around large cities with utter disregard for existing political boundaries; tax structures are completely out of balance; health and educational standards vary to a marked degree in homes which may be only across the road from one another; water and sewerage facilities may be ample in one portion of the community and completely lacking a short distance away, with health jeopardized through numerous wells and septic tanks operating in dangerous proximity; lack of planning and cohesion in the area with respect to highway policy has all but brought traffic to a stand-still; and superimposed on this conglomerate structure is a labyrinth of local authorities competing with one another and building up a cost of government for the total area that is out of all proportion to the services rendered. As the flight of population continues from the large central city to suburban areas, those who remain in the central city are left to bear the heavy cost of the redevelopment that must take place.

In Europe the problem has been more effectively dealt with through planning controls which insist on the growth taking place outwards from the periphery of the central city. In the United States, and in Canada to a lesser degree, we see the vast urban sprawl at its worst with population mushrooming beyond the boundary of the central city, sometimes on a leap-frog basis with a narrow

corridor of undeveloped lands separating the new area from the central city, perhaps dictated by the indifference of promoters, the caprice of builders, or following the location of industrial plants. Many of the cities are already too large to offer the best to or receive the best from the population they contain. In the United States reorganization of many of these areas is hindered through constitutional entanglements. In both Canada and the United States the pride and tradition built up over a long term of years in some of the units of local self government together with the influence of vested interests and the fear of being called upon to "pay the shot" for the consolidation that must inevitably take place are deterring factors which can only be removed by an enlightened public opinion.

In this country, Montreal, Vancouver, and Winnipeg metropolitan areas are experiencing many of the problems of haphazard urban growth, while the recent centralization and federation imposed by statute in Ontario on the three villages, four towns, five townships, and the city of Toronto has been hailed as a great step forward. It is not suggested that a parallel exists between the Edmonton and Calgary areas, and the Toronto area, but it does seem clear that the seeds have already been sown in these two areas which, as they sprout and grow, will surely blanket them with problems of increasing intensity if something is not done now to put the areas on a sound basis.

2. Reorganization of local government in rural Alberta.

Before entering into a detailed discussion of the amalgamation proposals for each area it will be useful to review briefly what has been taking place in the province in the past twenty years in the reorganization of local government in rural areas. The changes have been bold and far-reaching. In their early stages they were bitterly contested, and dire predictions were made. Today most students of local government would agree these changes have been for the better. Indeed, the soundness of these changes has since been reflected in similar movements in other provinces.

The first major change had to do with the reorganization of school districts. In 1937 over 4,000 small local school districts were in existence conducting their own affairs. These have been consolidated into 52 large school divisions. In 1942 the rural areas were governed by 143 municipal districts. These governing bodies have now been consolidated and reduced to 7 counties and 37 large municipal districts; only 6 of the smaller municipal districts remain.

The purpose of these reorganizations was not merely to improve efficiency through a degree of centralization. Fundamentally, the object was to create a larger area of assessment equality over which the costs would be more evenly distributed. The passing of The County Act in 1950 made possible a still wider degree of centralization and assessment equality through the establishment of larger rural municipal areas and the amalgamation of school and municipal functions in one County Council. More recently the Coterminous Boundary Commission completed its report pursuant to which many adjustments were made in the boundaries of municipal and school districts. This has resulted in a further consolidation of the larger rural municipal units and the establishment, as far as practical, of coterminous boundaries for both school and municipal authorities. Throughout these years of reorganization at the rural local government level a basic consideration has been the arrangement of boundaries so that a sufficient tax base was available in each unit to carry the services of the area. The result is that through these measures, combined with efforts towards the establishment of a uniform assessment throughout the province, an equalization of the tax burden in rural areas has been accomplished to a considerable degree.

No similar equalization of the tax base or leveling off of the tax burden has taken place in the urban communities which comprise the Edmonton and Calgary Metropolitan Areas. On the contrary, all of the evidence in both areas establishes the fact that the rapid growth in population in recent years has served to accentuate the differences and increase inequalities as between one portion of the metropolitan community and another, notwithstanding they comprise a single economic unit. That these inequalities should be permitted to continue is indefensible.

3. Amalgamation proposals in Calgary and Edmonton areas.

In both areas amalgamation was the basic solution put forward to overcome present metropolitan problems and provide a solid foundation for future growth. However, different municipal councils prescribed varying conditions under which they were agreeable that amalgamation should take place. It was apparent to the Commission that it would be difficult, if not impossible, to meet the wishes of all concerned and at the same time come forward with practical recommendations. Furthermore, although the facts in each area present certain similarities there is also a marked contrast from the point of view of metropolitan consolidation.

In the Calgary area the great bulk of industry lies within the present city limits; indeed, practically all of Calgary's postwar commercial and industrial development has taken place within the city. On the other hand, the substantial industrial growth of recent years in the Edmonton area has been just outside the city limits within Strathcona Municipality. This points up a major difference. Calgary has become the administrative centre for oil development of the province. As such it provides the headquarters for oil company offices. The additions to the Calgary assessment through office buildings occupying limited space, while substantial, are not large compared with what the increase would have been if petro-chemical industries had located within the city as they have located (outside the limits) in Edmonton. Yet, the development that has been taking place in the Calgary area has been within the city and has gone on the assessment roll and the city has had the benefit of the taxation. This has, together with reassessment, resulted in the city having a 1955 real property per capita assessment of $1,300.

In the Edmonton area a major impact from the discovery of oil is the establishment of the refining and petro-chemical industries requiring substantial land space, and large investment of capital. The space was not available in the city. Thus the development took place immediately outside the boundaries in Strathcona. Herein lies the major difference in the two areas. The result was that the industrial assessment went to Strathcona but the less desirable residential assessment went within the city. Despite reassessment in recent years, the 1955 real property per capita assessment in Edmonton is $1,109. only.

A unanimity in municipal thinking was apparent in the Calgary area - albeit with various conditions attached to amalgamation proposals. In the Edmonton area, the Commission was faced with conditional amalgamation proposals from the city and two towns, and in addition, throughout the hearings was confronted with the unalterable opposition of Strathcona Municipality to any solution which would result in the Industrial Area being annexed to the city.

For these reasons, the Commission deals with each area separately, and in the Edmonton area the Strathcona case against amalgamation will be examined in detail.

4. Basic considerations applicable to both areas.

Certain conclusions arise from a consideration of the evidence which are obviously applicable to both areas. Others arise which apply with greater force to the facts at present existing in the Edmonton area, although nonetheless of importance in respect to Calgary; these latter conclusions will be referred to extensively when dealing with the special case of Strathcona.

The two fundamental principles applicable to both areas might be briefly stated as follows:

(a) It is unjust and inequitable that wide variations in the tax base should exist among the local governing bodies that comprise a metropolitan area where that area is in fact one economic and social unit.

(b) A metropolitan area which is in fact one economic and social unit can ordinarily be more efficiently and effectively governed by one central municipal authority than by a multiplicity of local governing bodies.

It is the wide disparity in the tax base that emphasizes the tax wealth of one municipal unit in the metropolitan area as against the tax poverty of another. Again, it is this disparity that accounts for the total absence of or inadequacy of normal municipal services in the fringes, resulting in marked inequalities.

Considerable evidence was heard relating to the general financial consequences of amalgamation. This subject is dealt with more particularly in Chapter 16. All discussions assumed that in the event the populated fringes were amalgamated with the city that the level of municipal services in these fringes must rise to the city standard. It follows that extensive capital expenditures would have to be made in respect to sewer, water, roads, sidewalks and the like, to bring the fringe community to the city level. Financial problems are a common stumbling block in metropolitan reorganization but the Commission does not think any such problems exist in the two areas that cannot be resolved by the implementation of its recommendations.

5. Tax poverty of fringe towns compared with others.

It is clear that the tax poverty of the fringe towns of Bowness and Forest Lawn, and the large hamlet of Montgomery - in the Calgary area - and the towns of Jasper Place and Beverly in the Edmonton area - is largely a result of their immediate proximity to the central city. The great bulk of their working population is employed and the bulk of their spending is within the city. They perform a dormitory function for the city in taking

care of the overspill of population which could not find suitable accommodation or housing within their means in the city. They are practically devoid of commercial or industrial assessment because the assessment arising from the places of employment is on the city roll.

The negative influence of city proximity on the taxing **capacity of the fringe** towns is strikingly illustrated by considering the financial position of towns which are well removed from the two central cities. The town of Lacombe (population 2,854) is located 80 miles south of Edmonton. A new general assessment came into effect in 1955. Lands and improvements are assessed at 100% of fair actual value; the base year for improvement costs is 1942. There is no personal property tax; a business tax is levied on a rental value basis totalling $151,465. at rates varying from 7½ to 15% which will yield $18,600. in 1955. The total 1955 real property assessment is $4,003,690. and this includes Calgary Power lines and structures on which the maximum of 10 mills only is levied. About 10% of the total assessment is exempt.

The significant thing is that Lacombe has a per capita assessment of $1,402. and commercial and industrial assessment amounts to 46.78% of the total assessment. This is not because any particularly large industry has located at Lacombe. It is because the town is removed from the magnet of a large city and has the benefit of the assessment arising from the commercial activity of its region. The town is 18 miles from the thriving city of Red Deer. The 1955 mill rate is 48 mills distributed 28.5 to the school division, and 19.5 for hospital and general municipal purposes.

The town is a member of the Red Deer Health Unit and Lacombe Municipal Hospital District; the hospital is located within the town. Fire protection is provided by a volunteer brigade of 16 men with a pump truck and two chemical and hose units. Three policemen provide 24-hour service. Garbage removal is weekly from the business area and twice monthly elsewhere. About one-half of the town is served by concrete walks and nearly all roads are gravelled. The Public Library contains nearly 10,000 volumes. In recent years through the combined efforts of the district and town a fine Memorial Hall and Recreation Centre was erected at a cost of $150,000. A town rink has been erected at a cost of $140,000., and this year artificial ice is being installed at a further cost of some $50,000. Schooling is provided up to Grade 12. Although the town lacks the advantage of being located near a river, sewer and water has been

available for many years. The facilities of the province have been used to borrow money at low interest rates for capital expenditures.

What stands out about Lacombe is the high level of municipal services enjoyed by its population of 2,854 on a 48 mill rate. This would not have been possible without a reasonable balance between commercial and residential assessment, and this balance is an important factor in borrowing power. This is in marked contrast to the fringe towns adjoining Calgary and Edmonton with much larger populations.

The assessment poverty of the Edmonton-Calgary fringe towns and their lack of urban municipal services is further emphasized by making a brief survey of all villages and towns within the province. The basic requirement in Alberta for village status is that there must be at least 50 occupied dwellings, and the requirement for town status is a minimum population of 700. As at August 31st, 1955, there were 133 villages in Alberta (not counting 12 "summer" villages), and of these 62 had municipal sewer or water systems. Of the 76 towns in Alberta 71 had municipal water or sewer systems. In respect to both the towns and villages in nearly all cases it is both sewer and water.

Thus, it seems clear that the municipal poverty of the fringe towns arises from their immediate proximity to the city. It seems equally clear that the two cities which have been receiving the bulk of the commercial and industrial assessment that might otherwise have been within the fringe towns have some responsibility to their fringes. Finally, it is apparent that these fringe towns and their respective cities are in fact one economic and social unit.

It will now be useful to examine the Calgary and Edmonton areas separately. The facts are fully set out in Chapters 3 and 4 and will only be repeated here to the extent necessary to relate the same to the amalgamation proposals.

Part 2 - The Calgary area

1. Population and assessment

Since the variation in the tax base is at the root of the problem, the following table shows the principal fringes involved and the average per capita assessment for the combined area in respect to real property.

TABLE 1

CALGARY AREA - POPULATION AND REAL PROPERTY ASSESSMENT-1955

PLACE	POPULATION	ASSESSMENT	PER CAPITA ASSESSMENT
Bowness	5,881	$ 3,121,810	$ 531
Forest Lawn	3,600	1,815,870	509
Montgomery	4,250	1,840,375	433
Glenmore	1,300	2,628,075	2,022
TOTAL - for principal fringes	15,031	$ 9,406,130	
Calgary	168,840	219,624,555	1,300
TOTAL for area	183,871	$229,030,685	1,245 av.

SOURCE: 1955 Budgets and Commission records.

It is apparent that Calgary's per capita real property assessment is over 2½ times that of Bowness and Forest Lawn and 3 times that of Montgomery. The assessment of the agricultural and suburban area of Glenmore is high by reason of the location of the Nitrogen Plant. Calgary's commercial and industrial assessment is reported to be 40% of its total as compared with 17% for Forest Lawn, 8.3% for Bowness, and Montgomery with practically no commercial or industrial assessment. Glenmore at some 64% is unique in the area. It follows that if amalgamation now takes place the total assessment in Calgary would be diluted by the addition of the fringes. Assuming that the assessment of the fringe properties would remain about the same in total, the consolidation would leave the enlarged city with a per capita assessment of approximately $1,200.

In Chapter 11, reference is made to the average per capita assessment for all villages in the province at $1,040. in 1953, with the cities averaging $905. and the towns averaging $900. Table 1 above indicates the Calgary fringe towns and Montgomery to be far below average. Furthermore, reassessment has been going on within the province and it is likely the provincial average will now be higher than in 1953. The Commission can see little hope of the assessment position of the fringes improving. Indeed, with the industrial development moving downstream it seems certain that the position of Bowness and Montgomery will worsen, and we think that Forest Lawn's outlook may not be much better.

2. Attitude of fringes and Calgary towards amalgamation.

The submission of the Town of Bowness strongly favoured amalgamation as

indicated by the following excerpts:

> "The time to make adjustments is now when our population is small; if we wait it will be much more difficult . . . Increasing density of land use also increases the danger of domestic water contamination, thus creating an imperative need for proper sewer and water services . . . . Municipalities such as Bowness which do not have industrial or commercial assessment are now in such an uneconomic position as to be hopelessly insolvent . . . On reviewing the facts it is obvious to us that continued complete independence will give us nothing but bankruptcy".

It was apparent from the evidence that the majority of the residents of Forest Lawn were in favour of amalgamation provided there would be no interruption in the completion of their plans for sewer and water.

The hamlet of Montgomery organized a special committee to present a brief to the Commission. We are satisfied this Committee represented the wishes of the great majority. Amalgamation with the City was requested.

The Glenmore area adjoining Calgary on the south has its own school district that is not within a school division. As a distinct municipal unit it would be self-supporting with a per capita assessment of $2,022.00. The first choice of the residents as expressed before the Commission was to be organized as a separate municipal unit, and failing this the next choice was to be taken within an enlarged city. It was realized that Calgary's expansion was moving south and that progressive annexations were inevitable. In fact, the city has an application before the Board of Public Utility Commissioners - at present held in abeyance - requesting annexation of the entire area. The brief of the Glenmore School Board was opposed to amalgamation.

In contrast to the Edmonton area, no strong objections were forthcoming from any rural municipality in respect to Calgary's plans for expanding the boundaries. On the contrary, much co-operation was evident.

The City itself advocated complete amalgamation of the entire metropolitan area under one government subject to the following conditions:

(a) That no taxation increase should fall upon the citizens of the present Calgary.

(b) That the enlarged city receive all school and other grants at present paid within the entire metropolitan area until such time as alternative satisfactory financial arrangements have been worked out.

3. Inequalities existing in the area.

Many inequalities exist in the present metropolitan area despite its social and economic oneness. It is clear that the nature and size of the tax base largely determines the level of municipal services which will be available to the residents in any municipal unit. It is not surprising that Bowness and Montgomery have found it impractical to install sewer and water facilities. It is only in 1955 that Forest Lawn has commenced the first phase of its sewer and water project, and the Commission thinks this town may find it difficult to get beyond the first phase if left to its own resources. This is in marked contrast to many towns and villages elsewhere in the province with much smaller population, but these other urban centres are removed from city influences and possess the commercial assessment that is a normal adjunct to their residences. Bowness, Montgomery, and Forest Lawn represent urban units of a size which ordinarily would have had these essential urban services years ago except for their proximity to the city.

Table 5 in Chapter 4 indicates 1955 per capita expenditure of the city at $91.21 compared with $27.73 for Bowness and $42.72 for Forest Lawn. It is axiomatic that without the tax base there is not the revenue, and without the revenue there can not be the expenditure. Lacking the expenditure the service is not available.

A wide variation has existed in mill rates within the area although these leveled off to a surprising degree in 1955. Educational costs have been absorbing a much higher proportion of the total municipal budget in the fringes than in the City over a lengthy period until the advent of the provincial education tax reduction subsidy in 1955. Despite their combined population of some 13,731, Bowness, Montgomery, and Forest Lawn have been without high school facilities and have been sending these pupils to Calgary. This is indeed an extraordinary situation.

There are other inequalities: Gas and electricity rates in Forest Lawn are higher than in the City. Bowness and Montgomery receive their electricity from the city at a surcharge of 25%; the fringe areas have some disadvantage in respect to telephone and transport charges. The latter rests more heavily on workers in Forest Lawn and Bowness whose employment is in the City.

It is obvious that provincial assistance if available in sufficient amounts could make possible sewer and water systems for Bowness and Montgomery and provide for an extension of the initial phase of the Forest Lawn project. But this would not strike at the basic problems of the metropolitan area as a unit. The three fringes are lacking in adequate police and fire protection and are without the means to provide proper services. The transport problem would still remain, as well as problems of education welfare, garbage removal and sanitation, and the like. The 1955 education tax reduction subsidy instituted by the province has given substantial relief to the fringes just as it also has been of great help to the city; but the basic problems in the fringes remain, and even further increased provincial grants do not alone offer a permanent and satisfactory solution. We are convinced that the solution is not to be found by continuing independent urban centres surrounding the central city. They could only carry on as permanent wards of the province.

Furthermore, we believe it would not meet the wishes of the residents of these fringe communities that they should be classed as special areas largely dependent on the public purse for usual municipal services which similar areas elsewhere in the province carry at a normal mill rate without being burdensome. They have a greater part to play as citizens of a new and larger Calgary. At the end of 1951, 86% of the homes in Bowness and 84% in Forest Lawn were owner-occupied, and evidence indicated a high percentage of home ownership in Montgomery. But thus far those living in the fringes have been unable to develop their municipal services mainly by reason of being restricted to a residential tax base.

4. Amalgamation recommended.

At present the Calgary fringes have only some 12.2% of the metropolitan population. Even if it were possible to develop a system of larger provincial grants that would permit the raising of fringe standards to the level enjoyed by other towns in the province or to the city level, what would we then have? Firstly, the same multiplicity of councils, school boards, and tax collecting and tax spending suthorities. Two, or perhaps three, separate sewer and water systems would be brought into operation, or alternatively, ad hoc arrangements would have to be made with the city. Several transport systems would exist within the same area with rates varying widely. Orderly and integrated planning for the development of the total area would not be as effective

as if all were under the City Planner. In short, the metropolitan area would be permanently stamped with all those negative attributes which, as it grew, would multiply and create further problems and inequalities. It is these very problems, which intensify as population increases, that larger urban centres on this continent are now seeking to solve.

The Commission has without hesitation come to the conclusion that the areas concerned should be amalgamated. We are satisfied there is no other alternative that meets the public interest of the area as a whole. We are also convinced that postponement of this step will only lead to ultimate greater difficulties. In making its recommendations the Commission has in mind that a major painful and expensive operation can be averted years hence by making a minor one now.

It seems clear that amalgamation in the Calgary area will be more expensive in its initial stage than in the Edmonton area. The Calgary fringes of Bowness, Montgomery and Forest Lawn do not immediately adjoin the city, and the first two are without any public sewer and water systems. Indeed the lack of sewer and water in these two areas - with numerous wells, septic tanks, and backhouses- presents a potential health menace to the entire Calgary area. It would be a serious mistake to delay amalgamation now solely because of cost. The Commission thinks financial terms can be laid down which will be fair to the citizens of Calgary, the surrounding area, and the province. These will be dealt with in Chapter 16. As to the boundaries of the proposed enlarged city, these are discussed in Chapter 14.

Part 3 - The Edmonton Area.

1. Population and Assessment.

The two fringe towns have some 13% of the population total resulting when combined with Edmonton. It will first be useful to look at the population and tax base involved as indicated by the table following in which the two fringe towns are shown separately and then combined with the city, followed by the part of Strathcona Municipality involved. This permits examination of amalgamation of the two towns with the city apart from annexation of a portion of Strathcona.

TABLE 2

EDMONTON AREA - POPULATION AND REAL PROPERTY ASSESSMENT - 1955.

PLACE	POPULATION	ASSESSMENT	PER CAPITA ASSESSMENT
Jasper Place	13,594	$ 8,249,510.	$ 607.
Beverly	4,008	2,878,980.	718.
Total - Fringe Towns	17,602.	11,128,490.	632.
Edmonton	209,353.	232,258,500.	1,109.
Total - Fringe Towns and City.	226,955.	243,386,990.	1,072. av.
Part of Strathcona M.D. proposed for Annexation (Estimated)....	1,640.	20,000,000.	12,195
Total	228,595.	263,386,990.	1,152. av.

SOURCE: 1955 Budgets and Commission records. Also, see Chapter 11 as to Strathcona estimates. The actual 1954 assessment on major industrial plants in Strathcona was some $29,680,000. The figure of $20,000,000. is an estimate of the assessment involved if it were assessed within the city under The City Act.

The table bears out what was mentioned earlier in this Chapter as to the difference between the Calgary and Edmonton areas. In the former practically all major expansion has taken place within the city limits, whereas in Edmonton the vast industrial development has taken place just outside the city limits. Thus, the disparity in per capita assessment between Calgary and its two fringe towns is much greater than between Edmonton and Jasper Place and Beverly. The assessment poverty of Jasper Place and Beverly is nonetheless very real and averages only $632. per capita when combined. The Edmonton per capita assessment at $1,109. is not quite double its combined fringe towns, while Calgary has over 2½ times that of its principal fringes. Amalgamation of Jasper Place and Beverly with the city, assuming the assessment totals remained about the same, would give the consolidation $1,072. per capita compared with $1,245. in

the Calgary area. However, if the portion of Strathcona Municipality were annexed it would raise the total Edmonton area to approximately $1,152.

Again, it is when the real property tax base is examined that the principal reason for the disparity in per capita assessment is apparent. In 1955 commercial and industrial assessment in Jasper Place represented only 11.7% of the total. In Beverly it was 32.7%, while in the City it was 43.3%. It is reported that in 1946, some 70.5% of the city assessment was industrial and commercial. There can be no doubt that the tremendous house building expansion in Edmonton since 1946 has in itself contributed to the dilution of Edmonton's "balance" as between residential and commercial - industrial assessment. It also seems clear that some $165,000,000. could not be spent in industrial plants just outside Edmonton's east boundary since 1946 - with the workers finding their residential accommodation in the city - without this contributing heavily to the "imbalance" in the Edmonton tax structure. The estimated per capita assessment in Table 2 for the portion of Strathcona proposed for annexation is an astonishing $12,195. as compared with Edmonton's actual of $1,109. in 1955.

In Chapters 3 and 4 the positions of Jasper Place and Beverly have been examined in detail. It is obvious that as long as their assessment poverty continues their difficulties will continue. The Commission is convinced that the future holds little prospect of the tax base substantially improving in either of the two towns. They are unable to escape from the consequences of their immediate proximity to the city.

2. Attitude of the Fringe Towns and Edmonton towards Amalgamation.

The Jasper Place Council endorsed "the setting up of the larger municipal unit advocated by the City of Edmonton" and made the following statement in concluding its brief.

> "The Council is convinced that the orderly development of municipal and school services in the suburban communities has been impaired by reliance on unbalanced and predominantly residential tax bases. While there is evidence that industry may develop in the north part of Jasper Place and that a substantial business area will develop along the Stony Plain road, nevertheless the area will in all probability be predominantly residential. Since the rising cost of education makes it impossible for any municipality to derive sufficient revenue from residential property alone to meet such costs, the problem with which Jasper Place is now faced will in the opinion of the Council continue to harass the administrators of the affairs of Jasper Place. Consequently, it is their first conclusion that for the purpose at least of raising revenue, the Jasper Place area must be linked with some other area or areas where there is sufficient industry and business to provide a balanced tax basis for the whole amalgamated area. The Council realizes that the City of Edmonton faces a somewhat similar situation in so far as the in-

dustrial area to the east of the City is concerned and therefore firmly believes that any amalgamation should include the said industrial area in order to create a properly balanced tax base. It is the opinion of the Council that unless the industrial area is included in any amalgamation, such amalgamation would do little to solve the present financial problem which the Council believes arises largely from the fact that too great a tax burden is placed on residential property."

In 1953 Jasper Place R.C. Separate School District No. 45 was organized. The Board did not appear before the Commission but indicated by letter they were opposed to losing their identity through amalgamation. Their preference is to manage their own affairs. They feel their needs are likely to receive better attention through a local Board than if they were consolidated with the Edmonton Separate School Board. West Jasper Place School District No. 4679 expressed the view it should be included, at least for educational purposes, in a metropolitan area with Edmonton.

The Beverly Council agreed in principle that "immediate steps should be taken to establish a single administrative area over the whole district .... under the control of one central Council", but stated provision should be made to safeguard the welfare of the individual units comprising the area. The brief submitted by the Official Trustee of Beverly School District No. 2292 was in favour of the District being included in an Edmonton Metropolitan School District - if one came about - and failing this, that it should be included in any expansion of the Edmonton Public and Separate School Districts.

The position of the City is clear. Their representatives were adamant in the view that they should not be consolidated with Jasper Place and Beverly unless the Strathcona Industrial Area were included to equalize the tax base in the new city. They fear the financial consequences without such equalization. Representatives of both the Edmonton Public School District and the Edmonton Separate School District supported the view it would be desirable to consolidate the respective boards in the area, but the latter made it clear that if the additional revenue were not adequate to meet the new costs of the enlarged area it would wish to reconsider its position. In short, it would be necessary to include the Industrial Area of Strathcona if amalgamation were to take place. Support for the general proposition that one council only should be responsible for the whole area was expressed or implied in other briefs with variations, including those presented by the Edmonton Council of Social Agencies, the Alberta Association of Architects, the Edmonton Branch of

the Community Planning Association of Canada, the Taxpayers' Association of Jasper Place, and the Jasper Place Chamber of Commerce.

3. Attitude of Municipal Districts Adjoining Edmonton.

When the hearings opened in Edmonton in October, 1954, Edmonton was bordered on the west by the Town of Jasper Place and the Municipal District of Stony Plain; on the north by the Municipal District of Morinville and the Municipal District of Sturgeon; on the north-east by the Town of Beverly; and, on the south and east by the Municipal District of Strathcona. Although notified of the hearings, the Municipal Districts of Stony Plain, Morinville, and Sturgeon did not appear before the Commission. Effective January 1st, 1955, Sturgeon and Morinville municipalities were amalgamated to make a larger municipal unit, now known as Sturgeon River No. 90. The new Council likewise did not appear before the Commission although it was aware the Edmonton proposals envisaged annexing certain portions adjoining the City. On the other hand, throughout the entire hearings the Municipal District of Strathcona and its educational counterpart, Clover Bar School Division No. 13, objected to any extension of Edmonton's present boundary to the east which would envelope the Industrial Area referred to in detail in Chapter 11.

It is obvious the main reason for such opposition is the prospective loss of industrial assessment which Strathcona would suffer in the event of the Industrial Area being annexed to the City. Thus, a great deal of time of the hearings resolved itself into a "battle for the assessment" in consequence of which at times illogical arguments were advanced, and unfortunately, a balanced view of the welfare of the total metropolitan area was lost sight of.

4. The Strathcona Case Against Annexation.

The original position taken by the municipality before the Commission in October, 1954, is summarized by the following excerpts from the brief:

> "The Council is of the opinion that the existing boundaries of the local government units within the metropolitan area are satisfactory and require no major amendments .... With regard to boundaries, therefore, it is our considered opinion that there does not exist at this time any persuasive reason for any sweeping changes in the boundaries of the metropolitan area under study by this Commission. We express the unqualified opinion that the present form of local government which exists in the urban and municipal areas of Alberta under study by this Commission is satisfactory and without need of amendment. Drawing upon the long experience that we, as a municipal council, have had we find that the existing form of local government adequately and equitably provides for the orderly development of school and municipal services within the area. The present form of local government preserves the most desirable aspects of public responsibility and local autonomy.

It is our belief that the problems confronting the complaining municipalities existed prior to the industrial development now enjoyed by our municipality, but our mind is not closed on that subject. These problems existed and, we believe, will continue to exist by reason of economic growth and not by reason of the existing boundaries and form of local government. In common with other municipalities in the area, our municipality has felt the impact of change. We have been required to drastically readjust our income and expenditure pattern. We have found it necessary to make huge capital expenditures for school and public works. To the extent that such expenditures have not been offset by increased revenue, the burden on our ratepayers has been increased. On the other hand we make no complaint because we believe the continuance of responsible local government must imply the acceptance of these problems and their solution. We think the same criteria should be applied to other municipalities. We each must bear our own burden. If there be an overlap on either the revenue or the expenditure side the resulting inequalities can be adjusted where necessary with the assistance of the province."

At later hearings, by which time the proposals of the city and the towns of Jasper Place and Beverly had been more fully developed, Strathcona modified its position to some extent. The municipality offered to let Edmonton annex a strip of land containing some 1200 acres between Highways 16 and 14 adjoining Edmonton's east boundary - suitable for housing. If this strip were annexed it would bring Edmonton's east boundary south of Highway 16 flush with the Industrial Area within the municipality. It was frankly stated in evidence by municipal officials that beyond this point Edmonton's east boundary must not go. In short, the proposal of Strathcona was tantamount to asking the Commission to recommend the erection of a permanent barrier between the municipality and the city where the Industrial Area commences.

The following are the main arguments stated by Strathcona in its final brief against the annexation proposals:

(1) That to increase the boundaries of the City so as to take in the Industrial Area would make necessary a much higher mill rate in the District and would result in a decided lowering of educational and other services, and that such action would be unjust, unreasonable and inequitable so far as the District and its taxpayers are concerned.

(2) That by reason of heavy road traffic through the municipality to the Industrial Area the municipality is called upon to make substantial expenditures on highway construction and maintenance and it would be inequitable to lose the industrial assessment.

(3) That the proposals of the City would take within its boundaries considerable areas of land which would remain in agricultural use for an extended period and the proper place for such lands is within the boundaries of a rural municipality.

(4) That the net effect of the annexation proposal **that rural municipalities** generally should be divested of their industrial assessment was not only inequitable to rural municipalities but was contrary to the interest of the ratepayers and citizens of Alberta and of industry. Industrial development of the area and of the Province would be seriously impeded.

(5) That the proposal of the City would have the effect of placing a strait-jacket on industry now located in the Edmonton area or it would force industry entirely out of the area and possibly out of the province.

(6) That the proposal of the City would do nothing to stop the progressive movement of industry to rural areas in those cases where industries desired a rural location.

(7) That it is desirable that suitable steps should be taken to encourage industrial development within rural municipalities in the expectation that the flow of population to the urban centres will decrease, and instead, population will be encouraged to settle in rural municipal districts.

(8) That the number of workers relative to the investment involved in the petroleum and petro-chemical industry is insignificant, and thus the industry itself is not urban in character.

(9) That the type of industry which has settled in Strathcona is an extensive user of land and capital, and that in this respect it is not akin to normal urban industry, but rather is closely associated with agriculture which is also distinguished by an extensive use of land and capital.

(10) That if the Industrial Area were annexed to the City there would be a very substantial increase in real estate taxes payable by industry.

(11) That the present statutory structure of the Municipal District of Strathcona has proven adequate to handle the type of growth now being experienced in the District, and in view of the non-static nature of municipal legislation in so far as powers of the Council are concerned it is reasonable to conclude that as time goes by the Council will be clothed with such powers as are necessary to efficiently handle the tasks that come before it.

(12) The trend of development for residential construction is south and south-west or north and north-west.

(13) That the city has ample reserves of land for industrial purposes and that provision for increasing residential areas must in any event be sought in other directions than the invasion of the territory of the municipality.

(14) That within the present boundaries of the City there is available sufficient land for residential expansion to take care of a continuation of vast abnormal population growth until the year 1963. Furthermore, economic necessity will require an increase in the growth population density of the City, and up to 50,000 persons can be accommodated over the next ten years within the present built-up area.

(15) That the development of satellite towns would be frustrated by the City of Edmonton proposal.

(16) That the adoption of the annexation proposals would result in greatly increased costs to the taxpayers in the City.

(17) That the financial problems of the City are largely capital problems and that these have been taken care of by the policy of the provincial government which now furnishes at low rates of interest all capital necessary for needed municipal and school outlays.

(18) That the city's current financial position is good and any financial problems it may have are the direct result of rapid growth and high capital spending which will only be aggravated by adding to the City more population and a larger land area.

(19) That as compared to pre-war years the relative burden of tax payments on property in Edmonton has actually declined in spite of the substantial increase in the cost of civic government since 1939.

5. Final proposals of Strathcona Municipality.

The municipality summed up its case by stating that no situation existed in the metropolitan area which makes necessary either the amalgamation of the area under one council or changes in boundaries as between the City and the district. It submitted that the proposal of the City was unworkable and that if there have been any increased costs to the City resulting from the impact of oil development in the province the remedy is for the City to seek larger grants from the province which has benefited from such development. It was recommended that the Edmonton District Planning Commission be continued but that membership should be compulsory and executive authority should be granted the Commission provided that members could appeal its decision to the Board of Public Utility Commissioners. Furthermore, it was stated the problems arising if the Industrial Area were annexed were so complicated as to be impractical. And finally, the District said it was prepared to pay any sum which might be found due to the City with respect to services rendered by the City to the District, that is, extra city costs arising through workers in the Industrial Area residing in Edmonton and receiving the benefit of city municipal and educational services. The municipality also assented to the proposal that Beverly be taken into Clover Bar School Division. (Referred to in Chapter 11.)

6. Amalgamation of Edmonton, Jasper Place, and Beverly.

Different considerations apply in examining the amalgamation of Jasper Place and Beverly with Edmonton on the one hand, and, on the other, the extension of the boundaries of the city to the east to include a portion of Strathcona Municipality. The opposition of Strathcona alone calls for a detailed examination of the arguments; for that reason the Commission proceeds to consider these two aspects separately.

The west boundary of Edmonton is the east boundary of Jasper Place and part of the east boundary of Edmonton is the west boundary of Beverly. The growth on each side of the city is flush with the boundaries of the towns. One would not know a municipal boundary was being crossed were it not for the obvious difference in building standards. But as the two towns are entered the difference in other standards is apparent. Lack of sidewalks and proper roads are very obvious. The Jasper Place and Beverly sewer and water systems are in operation, but they are far from complete. No amount of effort or ambition of local councillors to do justice to their residents can overcome

the

the assessment poverty of these towns arising essentially from their adjacence to the central city.

It seems strange that these two towns with populations of 13,594 and 4,008, respectively, in regard to the whole range of normal urban municipal services stand a poor comparison with the town of Lacombe (population 2,854) referred to earlier in this chapter. It is true that the very rapid growth in population of the two fringe towns is an important consideration in any comparison, but the financial soundness of the Lacombe tax base is a key factor in measuring the current tax demands to support and enlarge municipal services. In addition, the soundness of the tax base is closely related to borrowing power for capital improvements, and in weighing prospects for the future. It is apparent that the two towns at the city limits fall far short. Lacombe at $1,402. in per capita assessment far outranks Jasper Place and Beverly's combined average of $632. Lacombe's commercial and industrial assessment at nearly 47% of its total compares with 32.7% for Beverly and 11.7% for Jasper Place. It must also be borne in mind what implications follow from this in regard to the revenue possible from business tax.

Table 4 in Chapter 4 shows estimated 1955 per capita expenditure in the city at $94.34 compared with $51.53 for Jasper Place and $56.68 for Beverly. Despite larger provincial grants, the fringe towns, without the revenue, are unable to support the expenditures necessary for an adequate level of municipal services. Over a term of years the fringes have been spending a higher proportion of their total budget expenditures on education than the city, although it could not be said that the facilities provided were nearly as extensive. The 1955 education tax reduction subsidy has largely removed this discrepancy but the long term outlook for the fringes is not much changed. Similarly, a wide variation has existed in the mill rates over a term of years as between the city and the fringes until the introduction of the above subsidy.

Other inequalities exist in the area including electricity rates, gas rates, water rates, and urban transport fares. The great majority of the working population of the two towns is employed in the city. The bulk of their spending is also in the city. The two towns and the city constitute an economic entity but at present are governed by three separate municipal councils with their several school boards, different police forces, different

fire services, different welfare and health services, and three different bodies making assessments under two different acts, collecting taxes, and spending the monies to the extent their varying tax bases and mill rates permit. The net result produces inequalities as between one part of the area and the other which should not be permitted to continue.

The Commission recommends that Jasper Place, Beverly and Edmonton should be amalgamated. We have examined other alternatives. The same general reasoning applies in the Edmonton area as stated in greater detail when dealing earlier with Calgary. A greater interdependence already exists in the Edmonton area than exists in Calgary. The growth of the two towns is flush with the city. Jasper Place and Beverly are both receiving their water supply from the city. Jasper Place discharges its sewage into the city system. Beverly School District has an agreement with the city covering both water supply and sewage disposal, and Beverly has an agreement with the city in respect to fire protection. Amalgamation will remove the present unrealistic political boundaries, which fail to recognize the economic oneness of the area. The continuance of the two towns, even if possible through further substantial increases in provincial aid, is unthinkable for the same reasons given in respect to the Calgary area. It would be absurd to suggest that the city itself should be dismembered into two or three separate municipal units. We believe it would be equally incongruous to continue Jasper Place and Beverly as separate municipalities.

The city now represents a substantial consolidation that took place in 1912 when the residents of the then City of Strathcona on the south side of the river joined with those on the north to form what was then called Greater Edmonton. In retrospect this step represented the first consolidation of present metropolitan Edmonton. It was followed in a few years by the joining of the villages of North Edmonton and Calder with the city. It should now be followed at the earliest date possible with the inclusion of Jasper Place and Beverly. Long term benefits should redound to all concerned.

The City and Jasper Place do not agree that amalgamation of the two towns and the city should take place unless the boundaries are extended to include the Industrial Area in Strathcona Municipality. The City recognizes the absorption of Jasper Place and Beverly would further dilute its assessment base and create new difficulties, unless the industrial assessment which exists

outside the City in Strathcona were included. Indeed, quite apart from the entire question of amalgamating Jasper Place and Beverly with Edmonton, the city has expressed alarm at the vast industrial growth taking place outside its border with the taxes going to the rural municipality while the bulk of the workers take up their homes in the city whereby it is called upon to furnish all municipal services.

The Commission is convinced it would be inequitable to recommend the amalgamation of the two towns with Edmonton without extending the boundaries of the city to include the Industrial Area and other lands. It bases its decision on certain principles which in their implications extend far beyond the importance of the tax base - important though it is - and at all times has in mind the public interest of the metropolitan areas years hence as well as in the immediate future. These principles will appear in greater particularity when discussing the proposals to include a portion of Strathcona Municipality.

7. Proposal to Annex a portion of Strathcona Municipality.

In Chapter 11 the approximate area proposed for inclusion has been described. In the same chapter and earlier the factual material pertaining to the two towns, the city, and the municipality has been set forth. These will be referred to as required. The Commission has had the benefit of hearing extensive evidence and arguments. In addition, it has had the benefit of wide reading and study of common problems in metropolitan areas on this continent and elsewhere. It cannot be said with certainty that the conclusions which might be arrived at in one area would necessarily apply in their entirety to another. Similar problems appear in all metropolitan areas in differing degrees, but the population total varies widely. Radical changes might be involved in some areas where a long tradition of local self-government had been built up over many years.

It is fortunate that in the Edmonton and Calgary areas certain difficulties are not present which are found elsewhere: Both cities are comparatively new. Their populations have not reached a level where it can be seriously argued that in their own interests they should not be allowed to expand any further; and, in the Edmonton area, the bulk of the industrial growth outside the city has taken place within the past five years.

The Commission has arrived at certain conclusions which it believes are safe guides in resolving the problem at its present stage in the Calgary and Edmonton metropolitan areas. Two of these principles - the first one having to do with the equalization of the tax base - and the second one relating to the multiplicity of local governing bodies - are mentioned earlier in dealing with Calgary and in the discussion of the amalgamation of Jasper Place and Beverly with Edmonton. The remaining five have application in varying degrees to the Commission's recommendation in respect to amalgamation in the Calgary area. However, they are brought into bolder relief by reason of the extraordinary situation existing in the Edmonton area. For that reason they will now be set out in detail and discussed in examining the Strathcona case against amalgamation.

8. Further Principles Applicable in arriving at Decision.

   (a) When industrial growth has taken place immediately adjoining or in close proximity to the boundaries of the city the proper and best-suited municipal unit to govern and control such growth is the city.

The great bulk of industry is inherently urban in character. The city is equipped with the necessary technical staff and legally clothed with adequate powers to handle such growth and its problems. A rural municipality incorporated under The Municipal District Act 1954 is not similarly staffed or clothed with as wide legal powers. It is almost inevitable that this should be so because substantial industrial growth will itself in time generate population and once population is generated within the rural municipality to any substantial extent it will not normally be content to be governed by the municipal district council. Clamor for self-government will arise and the populated area will detach itself from the municipal district and form a village or a town, and perhaps ultimately a city. At such time, it is unbelievable that industrial assessment would not also be ceded the new urban authority to the loss of the rural one. In stating this the Commission does not necessarily mean to imply that all industry will inevitably be located within the city.

In Chapter 11 reference is made to the economic reasons giving rise to the location of the industries in the Industrial Area. There is little or no evidence that the industries were making a choice between being within the city or without. The simple fact was they could not locate within the city because insufficient space was available. The Commission feels that if Edmonton's boundaries had been as extensive then as now proposed, these industries would have settled within the city limits and would not have located further downstream for the purpose of being without the limits. The Commission dismisses the argument of the municipality that the industries are rural in character and particularly wish to be located outside the city limits; there is no evidence to support such suggestion. Three oil refineries are now located in the Industrial Area. Two oil refineries have been located within the city of Calgary for many years; at the time they located within Calgary ample land was available outside the city limits downstream from Calgary; but suitable sites were available within Calgary and were taken up. Large refineries are located in the city of Sarnia and the city of Montreal East; there are two refineries within the limits of Moose Jaw and one in

Regina, Saskatchewan.

Given the other favourable economic factors, the attraction of the Edmonton area was the labour pool available in the city and the amenities of urban living for the workers. The Commission disagrees with the submission of Strathcona that the inclusion of the industries within the city would necessarily impede the industrial development of the area and of the province, or that such inclusion would be contrary to the interests of industry itself, or that such inclusion would have the effect of "placing a strait-jacket on industry now located in the Edmonton area", or would "force it out of the area and possibly out of the province". There is no evidence to support such argument. The municipality further argued that the annexation proposals would do nothing to stop the progressive movement of industry to rural areas in those cases where industries desired a rural location. The Commission knows of no reason why industry should not set itself up in a distinctly rural location if there is something about the industry itself that dictates a preference for such location. Generally speaking, however, we do not agree that when industry locates in near proximity to the city limits it is selecting a distinctly rural location. Its close proximity to the city implies a consideration of urban factors, particularly the labour pool and city amenities.

(b) A second principle which has guided the Commission is this, namely, that where industry has established itself to a substantial extent immediately adjoining the boundaries of the city and the workers in such industry and their families reside within the city, the taxes from such industry should be collected by the city which is called upon to furnish the educational and numerous municipal services arising from the residence of the workers.

The additional cost in respect to these services is enormous, and, as pointed out in Chapter 10, it is not just because of the employees of the primary industry itself but also the additional employment created in the city at the secondary and even tertiary level.

Let us assume that the boundaries of the city are not enlarged and that industrial growth continues outside the existing boundary and the bulk of the workers and the further employment they generate continue to build homes within the city. The evidence clearly shows assessment available from homes alone will not support all urban municipal services. Under such conditions it would only be a matter of time until the taxes in the urban centre went far beyond normal levels or the urban centre went bankrupt. The financial

troubles of Jasper Place and Beverly are coincident with a tax base which is largely residential. In the city itself alarm is quite properly expressed in recent years at the increasing proportion of the total assessment that is residential while the industrial assessment mounts outside the boundaries in the Strathcona Industrial Area. The Tables in Chapter 11 show that in 1954 the commercial and industrial assessment of Strathcona was 80% of the total assessment, while in Edmonton it comprised only 41.98% and in Jasper Place 10.4%. It is pertinent to point out that the average municipal district in the province has practically no commercial or industrial assessment worth mentioning when measured in terms of the total assessment.

Attention is directed to the per capita assessments for the year 1955 referred to in Chapter 11 showing Jasper Place at $607., Beverly at $718., Edmonton at $1,109., and Strathcona Municipality (1954) at $4,570. and the 1955 per pupil assessment for school purposes at $2,273. for Jasper Place, $3,039. for Beverly, $6,081. for the Edmonton Public School Board, and $18,446. for Clover Bar School Division. This Division draws 96% of its requisition from Strathcona. We are satisfied these are inequalities which are unjust and should not exist in the metropolitan area.

A further inequity has also risen in consequence of the vast industrial growth just outside the city, and we are convinced it will be aggravated with the flux of time unless vigorous steps are taken in terms of the recommendations now made. While the cost of municipal services arising out of accommodating the employees is being borne by the taxpayers in the city at the local mill rate the benefit of the large industrial assessment is being passed out to taxpayers residing up to 25 miles beyond the city through their municipal services being greatly extended in the face of a falling mill rate. As indicated by the Tables in Chapter 11 the 1954 mill rates were 53 in Edmonton, 54.5 in Jasper Place, 55 in Beverly and 25 in Strathcona. In the same year adjoining municipal districts surrounding Edmonton had mill rates of 67 in Stony Plain, 49 in Sturgeon, and 58 in Morinville. The Strathcona mill rate was increased to 30 in 1955. The urban rates were reduced - practically all as a consequence of the 1955 education tax reduction subsidy - but the inequity still exists. Strathcona M.D. called as a witness O. H. Brownlee, Ph.D., economist and professor in the School of Business Administration at the University of Minnesota. Dealing with the new industrial assessment adjoining

the city, Dr. Brownlee was asked as a "moral question" by the Commission:

> Q: "......... where is it more just that the assessment should belong, to those who are 10, 15, 20, 25 or 30 miles out, or to the general urban area which is pretty well immediately adjacent to the Industrial Area that has to supply the schools, municipal services of all different kinds to the people who are working there?"

and he answered:

> A: "If it is a 'either or question' I should say it should be to the urban area if it is a question of one or the other, that if one has it the other cannot, then I would give it to the urban area, as a moral proposition. However, moral propositions are such that they cannot be contradicted."

It was argued on behalf of Strathcona it would be "unjust, unreasonable, and inequitable" to its taxpayers to remove the industrial assessment to the city in that a higher mill rate would fall upon the rural municipality. The view of the Commission is: firstly, it was a fortuitous circumstance which placed the industrial assessment in the municipality for the period that it has been enjoyed; secondly, that the residents of the municipality have had the benefit of the assessment for a period of time which has conferred some lasting benefits in the building up of municipal services; thirdly, that it is inevitable the mill rate should rise when it has been lowered to the extent it has as a result of the industrial assessment; fourthly, the detachment of the industrial assessment should do little more than restore Strathcona to the approximate assessment position of the two remaining rural municipalities which now adjoin Edmonton; and fifthly, and perhaps most important, failure now to detach the industrial assessment from Strathcona and extend Edmonton's boundaries to the east will cause irreparable harm and permanently saddle upon the Edmonton Metropolitan Area problems which cannot be effectively dealt with in later years, as well as making impossible the orderly development of the area. The Commission is persuaded that if any inequity prevails it weighs against the citizens of Edmonton who are providing the bulk of the school and municipal services for the workers without receiving any tax benefit from the industries.

Generally speaking, we are not impressed with the argument that suitable steps should be taken to encourage industrial development within rural municipalities in the expectation that the flow of population to the urban centres will decrease. The bulk of industry is urban in character and generates population. Again, assuming that any substantial industry locates in a distinctly rural area, it will only be a matter of time until it generates

population nearby and the demand for self-government will assert itself, resulting in the urban centre and its industry being detached from the rural municipality. In any event, the argument has no force where the industry is located just outside the city and the bulk of the workers reside within. Except in very special cases, it is extremely unlikely that industry to any extent could be induced to set itself down in a rural area far-removed from an urban centre. Problems of housing and the furnishing of urban amenities for the workers immediately arise. These opinions are stated quite apart from the policy of encouraging industry to settle in satellite towns, with which policy the Commission finds itself in agreement.

(c) The next principle which the Commission wishes to assert in dealing with the annexation proposals is a simple one, namely, that the city is entitled to growing space, and to have this space it is necessary that its boundaries should expand into rural municipalities.

It is commonly provided in statutes throughout Canada that urban centres may expand outwards through annexation of adjoining territory. The urgent needs of the city for more land are particularly dealt with in Chapter 14, as also is the trend of development. This trend is strongly to the east and south. The industrial development in Strathcona alone shows this, and residential development on the east boundary of the city is now practically solidly built up to the Strathcona boundary between Highways 16 and 14. City growth is also flush with the municipal boundary at nearly all points on the south. Indeed, following the entire Edmonton-Strathcona boundary for some 8 miles very little growing space remains; and what is left is practically all planned for residential development. Beyond 1957 no more land will be available in this direction unless the boundary is extended. In respect to the 1,200 acres available between Highways 16 and 14 adjoining the city the evidence shows that only the determined resistance of the Strathcona Council has kept this land out of the hands of anxious builders. Looking at it from the point of view of the orderly development of the metropolitan area as a whole, it would have been distinctly preferable to have developed these lands instead of locating a townsite at Campbelltown 4 miles further east. When this area is released by Strathcona - and the Commission thinks its release is overdue - its development will bring urban growth flush with the Industrial Area. Such development would about accommodate the equivalent of Edmonton's 1955 population growth of 11,518.

On page 70 of the final Strathcona brief appears the following submission:

"That the city has ample reserves of land for industrial purposes and that provision for increasing residential areas, must in any event be sought in another direction."

In the five years from 1950 to 1954 the city population north of the river increased by 30.5% and on the south side by 81.8%. This strikingly confirms the trend of residential expansion on the south side and accounts for the city boundary on the east now urgently pressing for extension into Strathcona. The Commission rejects as impractical and unrealistic any municipal thinking which seeks to erect a permanent barrier just outside Edmonton's present east boundary. Utility considerations and the trend of development both dictate expansion eastwards.

In respect to the objection that the proposal would take within the limits considerable areas of land which would remain in agricultural use for an extended period it was stated the proper place for such land is within the boundaries of a rural municipality. If it is logical to argue that agricultural land should remain within a rural municipality it seems equally logical to argue that once such land becomes industrialized, particularly where it adjoins the city, it should be taken within the city; but the thesis of Strathcona is that the industrial area should also remain inside the M.D. If the city has within its boundaries - as it should have - suitable land for residential and industrial current needs as well as for potential use so its expansion can be planned in an orderly manner, it is inevitable there will always be some lands in agricultural use if for no other reason because the normal expansion of a city entails the absorption of agricultural lands. In short, the city expands into a rural area whereas a rural area does not expand into the city.

In 1916 Edmonton occupied an area of 43.24 square miles and had a population of 53,846. In 1955 it occupied 43.35 square miles with a population of 209,353. Put tersely, in 39 years its population has increased nearly 300% but its area has remained the same. In the past it has had considerable areas of agricultural lands within its boundaries. There is nothing necessarily anomalous about agricultural lands being within a city if such lands are

within for reasons of potential development. Indeed, it was the lack of such lands for potential industrial use that led to the industries being located within Strathcona rather than within the city itself. The principal consideration to be given effect with respect to agricultural lands within the city is that such lands should be taxed as agricultural lands. No difficulty has been experienced in the past in applying to such agricultural lands a basis of taxation similar to that which would be imposed if they were beyond the city limits. The Commission has dealt with this phase in Chapter 9.

A special factor in the Edmonton area which calls for the present annexation of a substantial area of agricultural lands is the fact that a petro-chemical industry has just been established which will unquestionably grow. It is characteristic of these industries that they acquire large acreages initially. For example, seven corporations at present hold 2,436.22 acres for an average of 348.04 acres each. It is an accepted fact that these industries attract other industries. They have acquired more lands than their present needs looking to their own expansion and the possibility of allied industries settling nearby; pending further development portions of their existing acreage are put to their natural agricultural use. It is imperative that some of these industries be located near the river and downstream from the city. Hence the necessity of giving the city control of ample space downstream in the area. The addition of more refineries to the Edmonton Area in the not too distant future is highly probable. These factors must be weighed in planning for the orderly development of both the Calgary and Edmonton Areas.

This points up the difference in mapping the future of Calgary and Edmonton as compared with the city of Ottawa. It is worthwhile referring to the 1950 extensive annexations by that city. The city proper was crowded at 162,442 contained within 6,109 acres, giving a density of approximately 26 to the acre; space was at a premium; many buildings in the old central city were on small lots and were crowded. The annexation increased Ottawa's area by nearly 400% in taking in an additional areaof 24,372 acres with a population of only 37,812. Included in the annexed area were 5 villages (total population 9,917) with the balance of the annexed population spread over fringes and an extensive agricultural area reported to include over 200 farms, and including agricultural areas that would obviously remain rural for

years to come. This has reduced the density of the new Ottawa to a little over 6 per acre and around this new city a greenbelt has been established for planning purposes and controlling optimum size. The Alberta cities are newer and there is no similar premium on land. They are built less upwards and more outwards. Indeed, evidence was received in Calgary that in the new neighbourhood units the density was running as low as 11 to the acre. In addition, these are cities of home owners. The 1955 figures show some 78% of single family dwellings in Edmonton to be owner-occupied.

During the hearings, Strathcona relied upon the report of the Ontario Municipal Board in the city of Brantford Annexation Case, and quoted isolated excerpts in support of its contention that the proposed Edmonton annexation was unjust and inequitable. Thus it became necessary for the Commission to examine the entire Brantford decision. In 1953 the city of Brantford applied to annex an adjoining area from the Township of Brantford in the County of Brant. The decision of the Ontario Municipal Board (hereinafter referred to as the "Board"), so clearly sums up the basic principles applicable in annexation cases - and represents the view of this Commission - it will be referred to in detail. Many of the arguments of Strathcona are similar to the arguments advanced by the Township. Brantford had a population of 37,000 contained in 3,292 acres (giving a density of a little over 11 per acre). It sought to expand its boundaries by 240% by annexing an additional 7,900 acres from the Township. The total population of the Township was 18,000, and the 7,900 acres represented about 12½% of its total acreage. It was well established in an old well-settled part of Ontario and was faced with losing 63.5% of its total assessment. Indeed the loss of 32% of the total County of Brant assessment was involved. Against the proposed annexation it was argued the application should be refused because of the disastrous effect it would have on the economy of the Township and the County. It was also argued that the city had a good "balance" in its assessment and the Township should be allowed to balance up its assessment through retaining industry. These arguments are the same as those advanced by Strathcona. However, Brantford Township with its 18,000 people distributed over some 63,000 acres - as compared with Strathcona's population of some 8,200 distributed over 359,000 acres - had a population density per acre some fourteen times that of Strathcona. In addition, both the Township and the County advanced a further argument somewhat similar to a

a Strathcona argument that implied "ownership" of the industrial assessment because at the time the industries located therein the area in question was within the Township. The Township and County also pleaded that the largest item of municipal expense was 123.5 miles of roads which absorbed almost half of the total County tax levy but only 8 miles of such roads were in the area proposed for annexation.

The Board found the proposed annexation would seriously affect the economy of the Township and County and said "drastic readjustments will be necessary". In granting the application of the city of Brantford the Board found the urban growth of the Township "is part and parcel of the growth of Brantford and on the evidence there was no basis for the contention that it was or is an independent phenomenon". The Commission is satisfied the growth in the Industrial Area of Strathcona is "part and parcel of the growth of Edmonton". In respect to the very considerable agricultural area in the Township the Board said: "There is nothing in the evidence to justify the view that it requires the alleged benefit of industrial assessment in addition to favourable consideration in the matter of provincial grants and subsidies." The Commission believes this view is applicable to the Edmonton Area. As stated earlier in this Report, if the annexation operation proposed is completed, Strathcona Municipality will revert substantially to the position it was in some five years ago before the industrial assessment was of any consequence. It should be in no worse position than the other two rural municipalities which adjoin Edmonton. Appropriate recommendations follow in Chapter 16.

In respect to the objection raised that the effect on the economy of the Township would be so disastrous that such reason alone should result in the application being dismissed or the annexation confined to a much smaller area the Board found that such objection "is essentially unsound in principle and appears to be based upon a conception of the nature of municipal institutions and the division of the province into various areas for municipal purposes which is inconsistent with the entire history of the legislation and the development of the present system". The Board said it was a serious error to assume that municipal boundaries are fixed and determined for all times and pointed out that no rigid or artificial restrictions had been placed upon the growth and expansion of the thriving towns and cities in order to

preserve the fixed boundaries of adjoining municipalities or counties. The Board reiterated the basic principle that a municipal corporation does not exist for its own sake. It is created primarily to provide and maintain essential local services required by the area which, for the time being, is included within its boundaries. It has no claim to the lands within its boundaries which is comparable to the interests of an owner. The Commission agrees this reasoning applies with equal force to Alberta.

It is significant that of all the industries located in the Industrial Area only two filed briefs and appeared before the Commission. The rest were silent. Industry has an investment approaching $200,000,000. Is it likely if it were essential for such industries to remain outside the city they would have left it to Strathcona to plead their case? The Commission does not so think. It is aware there may be some disadvantages to industry being brought within the city boundaries, but there are none which the City Council or the Legislature cannot rectify. These largely have to do with taxation and the cost of electricity and gas. Recommendations will be made accordingly. In the meantime, there is nothing in the evidence to justify postponement of what is inevitable. The present municipal boundary is completely unrealistic. The Industrial Area is an integral part of Edmonton.

In concluding its decision the Board found that annexation of the area proposed would add sufficient space to permit Brantford practically to double its population with a density of 11.5 persons per acre, which it considered reasonable. The Board emphasized the desirability of recognizing the importance of permitting the city to provide for its growth over a lengthy period of years in preference to a policy of frequent piecemeal annexations. It also stated there has been a failure to recognize the implications of the pronounced shifting of the population of the country from rural to urban centres and the increase in immigration since the war. In addition, standards have changed in respect to the desirable population density, giving rise to an increasing demand for more open space in residential neighbourhoods, more parks and public places and the demand for larger industrial sites to accommodate modern plants and ample off-street parking and loading facilities. With these views the Commission agrees. Some of them are of double importance because of the large land holdings of petro-chemical and allied industries.

Finally, there is the further compelling argument in favour of annexation on a large scale to permit the city sufficient area to plan its expansion over a period of years and avoid a repetition of the confusion and controversy involved in another major annexation proposal that might be made within a few years. The orderly administration of local municipal affairs is seriously interrupted at the time of any important change in boundaries. For these and other reasons apparent in its Report, the Commission has concluded that the area to be detached from Strathcona should be a substantial one. The particulars are set out in Chapter 14.

Strathcona officials advanced the further argument that by reason of the Industrial Area it is called upon to make substantial expenditures on highway construction and maintenance and thus should retain the industrial assessment. Having regard to the area the Commission recommends for detachment, it is felt this will not be a matter of such major concern, particularly when the proposed ring road and industrial ring road are completed, and keeping in mind that there are three main provincial paved highways that approach the city through the municipality. Also it will fall upon the city to maintain the road on the new proposed south boundary. Strathcona is fortunate at present in having 72 miles of paved highways, 461 miles of gravelled roads, and 260 miles of graded earth roads. There are bound to be municipal roads entering the city on which the traffic will be heavy, even to a greater extent than from the north or west. But there is no way in which all these matters can be adjusted to a nicety in favour of a rural municipality any more than a city is able to exact compensation from rural residents for the use of city streets, recreation areas, parking facilities and other urban amenities.

(d) A fourth principle the Commission has established is that where the area immediately adjoining the city has taken on strong urban characteristics it should be under the aegis of the City Planning Department in preference to a rural municipal council.

The advantages arising are obvious. Firstly, the area would have the benefit of an experienced technical staff. Secondly, and of equal if not greater importance, the area would be definitely planned in its relation to the entire city, and particularly in regard to co-ordinating the area with existing and projected sewer, water and transportation connections. It is notorious on this continent in urban areas governed by a multiplicity

of local government authorities that too many municipal cooks have spoiled the metropolitan broth. Surely it cannot be seriously contended that two municipal councils - one rural and one urban - can plan the urban growth of the area better than the urban council alone, with each working independently of the other, and each looking to its own interest.

(e) And finally, of paramount importance, and perhaps transcending even a combination of all other reasons given, the Commission has reached a fifth conclusion. It is, that it would constitute nothing short of a metropolitan tragedy to permit a second city to grow up on Edmonton's east boundary completely independent of, and duplicating the existing city.

In many areas elsewhere it is largely by reason of failure to recognize this principle, or failure of legislatures to act, that the metropolitan problem has assumed the proportions it has. The fault lies in permitting subdivision and siting of new developments too close to substantial urban centres without deliberately considering the welfare of the metropolitan area as a whole. Promoters and development corporations are primarily interested in launching the programs they have in mind. It is understandable that they are more interested in profit than in regional planning. But, it is extremely important that all plans involving subdivision near a city should be carefully scrutinized from the point of view of the metropolitan area - not just as it stands today, but as it may years hence. This scrutiny primarily takes place at present at the municipal council level when there is no mandatory district (regional) planning authority. The Commission believes that its recommendations in Chapter 5 will contribute to orderly development at the regional level. Pending the establishment of an effective regional authority, we think that all plans of subdivision near cities should be carefully reviewed at the highest level and even where the local municipal council has approved of subdivision plans, the final approving authority should not hesitate to reject such plans if they are in conflict with the wider interest of the total region. Water supply and sewage disposal alone are two items that demand long-term "area" consideration which would not necessarily be found at the local council level.

Even here in Strathcona Municipality - although it will become more apparent as development proceeds and population moves in - the municipal services required will be substantially identical with those possessed by the city. Surely there can be no doubt that they should be planned, constructed, and financed by a single authority in the interests of efficiency

and economy alone.

This spectre of a second city being actively promoted just beyond Edmonton's eastern outskirts at present is a negation of careful metropolitan planning. In Chapter 11 the evidence appears in greater detail. It shows there is the prospect of Strathcona ultimately establishing its own water intake system above the city at a cost of some $2,300,000, and including an eight mile water line from the point of intake. The present Campbelltown development on Section 27 contemplates a population of perhaps 6,000. Assuming this development is completed, the larger plans, if ultimately approved, call for the development of some 4½ sections in all with a population of 30,000 or more, depending on density. There is also the prospect of a separate sewage disposal plant being erected on the river slightly downstream from the present new city plant now under construction, if suitable terms were not made with Edmonton. The area in question at present receives its water supply from the city system and an agreement is in effect between Strathcona and the city for providing fire protection.

Here then at this early stage are the unmistakable seeds for a second city. It goes without saying that as population grows so also would problems of transport arise and another system of municipal transport would appear in the area. All this seems imminent on Edmonton's crowded east boundary which urgently requires extension. Furthermore, the Commission does not think it is venturing into the realm of prophecy to say this will happen if steps are not taken promptly before lasting harm has been done. If Edmonton is capable of taking care of the sewer and water needs of the new development what is the justification for imposing two municipal authorities on the area? If suitable arrangements were not made between the two authorities by negotiation what would be the justification of imposing new debt on the area for the construction of duplicate facilities? Could not the transportation needs of the whole area be integrated and taken care of more efficiently by one authority than by cherishing the hope that two councils would agree on an integrated system? In default of agreement should the cost of two separate systems be imposed on taxpayers?

The continued separation of Jasper Place and Beverly from Edmonton already imposes on the residents of these two towns transportation and other costs that are in excess of those in the city. As indicated elsewhere in

this Report the crux of the metropolitan problem on the continent in numerous urban centres lies in the maze of local authorities which through passivity, indifference, or neglect have been allowed to arise or continue, resulting in municipal chaos and a cost to the taxpayer which is out of all proportion to the services rendered. It is still not too late to prevent this common urban disease from crippling the Edmonton area. It is not a question of sacrificing Strathcona for the citizens of Edmonton. The issue involved is much greater. It is a question of what in the years to come will bring the greatest benefit to the most citizens in the total area.

The Commission is satisfied that if matters are allowed to continue as they are it will only be a matter of time until a substantial urban centre will exist apart from the city; that in due course the clamour for self-government will arise resulting in detachment from Strathcona; and, that as the new urban centre develops and Edmonton expands, one continuous populated area will result. But, the area would have two local governments instead of one with the attendant duplication of costs and other evils. The benefit of amalgamating Jasper Place and Beverly with the city would have been more than lost, and larger and more involved problems would again demand solution.

10. Recommendations in respect to Campbelltown Townsite.

In Chapter 14, it is recommended that Section 27 on which the present Campbelltown development has been authorized should be included within the city. This takes the proposed east boundary further east than the Commission would otherwise have been inclined to recommend. But, it is distinctly the lesser evil. Strathcona authorized the development of Section 27, and the Provincial Planning Advisory Board duly approved the plans. Indeed, a majority of the Edmonton District Planning Commission in 1954 authorized development on this section after considerable controversy. The Commission is convinced that this was an unfortunate decision at all levels. The final plans as later approved contemplate the development of the entire section as an integrated unit. The development is a reality and the developing corporation has incurred expense in good faith and citizens have likewise acquired property. We believe it would be unjust to interrupt this development.

Therefore, the Commission recommends it should be a condition of annexation that the present development limited to Section 27 should not be

stopped. A written agreement is in effect between Strathcona and the development corporation. At the time of writing this chapter it is not entirely clear what contractual arrangements are finally contemplated in respect to sewer, water and other utilities. This will be referred to further in Chapter 15.

11. Clover Bar School Division

Reference was made in Chapter 11 to the serious and far-reaching effects upon Clover Bar School Division if the Industrial Area were annexed to the city. The Commission agrees that other considerations in the public interest pertaining to the metropolitan area far outweigh arguments which have been advanced on behalf of the Division. It is also satisfied the recommendations appearing in subsequent chapters will assure the Division being treated equitably.

CHAPTER 13. FORMS OF GOVERNMENT.

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Outline of Chapter Contents

1. Local government legislation in Alberta.
2. The metropolitan or "federalized" form of government.
3. The status quo, with special agreements.
4. The Alberta county system.
5. Amalgamation under one council, one public school board, one separate school board.
6. Representation.

CHAPTER 13. FORMS OF GOVERNMENT.

1. LOCAL GOVERNMENT LEGISLATION IN ALBERTA

By its terms of reference the Commission is directed to inquire into and recommend the "form of local government" for the two metropolitan areas. The preceding chapter has made the case for amalgamation of the fringe communities, and certain other territory, with the central city in each metropolitan area. Alternative forms of government are possible for the metropolitan areas, however, and this chapter weighs their merits and explains why they have not been recommended.

The Commission has not considered it necessary to survey in any detail, the history of municipal government in Canada. In general we have drawn our models from Britain and the United States and adapted them to our local circumstances. We have to consider the existing legislation in Alberta with respect to urban governments, the evidence adduced at our hearings, and experience elsewhere on the government of metropolitan areas; and in the light of this material to make recommendations.

Local government legislation dealing with urban areas in Alberta has at least the merit of relative simplicity and is set out in two statutes, namely: (a) The City Act (1951) which applies almost uniformly to all municipal areas designated as cities; and (b) The Town and Village Act, 1952, which applies uniformly to all towns and villages.

The self-government of rural areas is covered by the Municipal District Act, 1954 and the County Act (1950). There are also Special Areas and Local Improvement Districts, but these are administered directly by the provincial government and are of little relevance to the inquiries of this Commission. The County Act, on the other hand, was discussed at some length in the public hearings, and more is said about it below.

All the cities are corporations, exercising their powers by the Council, consisting of the mayor and six aldermen or such other even number (not less than six nor more than twenty) as may be determined by by-law approved by a majority of the electors voting thereon. At the present time the Calgary council is composed of the mayor and twelve aldermen, Edmonton having a mayor and ten aldermen. In Calgary and Edmonton the councils are elected at large,

but with a proviso in the case of Edmonton that at least three aldermen must be elected from that part of the city, south of the North Saskatchewan River, which until 1912 was the city of Strathcona.

In addition to the other usual qualifications, there is a property qualification for the mayor and aldermen. Any Canadian citizen, aged 21 or over, who has resided continuously in the city for six months immediately preceding the first day of May in that year, is entitled to have his or her name on the voters' list. Voting on money by-laws, and certain other by-laws, is restricted to the proprietory electors; (i.e., persons or corporations assessed and taxed in respect of land.)

All cities may provide for delegation by the council of executive and administrative duties to one or more city commissioners or a city manager. Both cities have availed themselves of this provision and each of them has appointed two commissioners. The mayor in each case is ex-officio a commissioner.

Cities have wide powers, not calling for enumeration here, and in certain cases (but with special safeguards) the city may incur liabilities and raise money by way of debentures without reference to the proprietory electors. (See Chapter 6.) There is however - and perhaps fortunately - nothing resembling the "home rule" powers found in so many city charters in the United States.

Cities are obligated by the Act to pay in each year to each school district or school division in which the area of the city is included, the amount of the requisition duly transmitted by the School Board, under the provisions of the School Act, 1952. The amount of the requisition is payable in equal quarterly instalments and constitutes a debt owing by the city.

Towns and villages are, generally speaking, more limited in their powers and the same is even more marked in the case of municipal districts. These forms of government cannot be considered as suitable for the overall government of metropolitan areas, and accordingly need not be examined here.

The hamlet of Montgomery is an unincorporated area known as Local Improvement District No. 46. This hamlet is described in Chapter 3, but although it has been entitled by reason of its population size, to the status of a town for some years, no steps have been taken to that end. All of its affairs and its

management (except for schools) are in the hands of the Department of Municipal Affairs. Thus we find a very substantial urban community administered under a statute which is designed for rural areas that are not ready for the status of municipal district. (There may be of course, small hamlets in Local Improvement Districts.)

The most recent innovation in local government was The County Act in 1950, which provided for the setting up of counties, or "all-purpose" local authorities. Existing municipalities, school divisions, and municipal hospital districts could be incorporated into a county, with coterminous boundaries, and one elected council. The order creating the County fixes the number of councillors at any odd number not in excess of eleven. The Chairman of the county council is chosen by the councillors from among their own number. He is the chief executive officer of the county and is vested with all the rights, duties and privileges of the reeve of a municipality, the chairman of the board of trustees of a school division and (as at first contemplated) the chairman of a municipal hospital district.

The County Act has since been amended and municipal hospital districts are not merged with the county. Towns and villages within the county, for school purposes, are represented on the school committee of the county council, and have all the rights of a councillor when school estimates are before the council.

The Alberta county system breaks sharply and boldly with tradition, and is not to be confused with "counties" as they are known in other parts of the country. The "Ryerson tradition" is strong in Canada, that school boards should be separately elected and enjoy financial independence. The County Act turns away from this common (though not universal) North American pattern and brings local government more nearly in line with the practice in Britain since 1902. Its object was to eliminate a multiplicity of local elected bodies, and place the functions of local government squarely upon one elected council, responsible for both taxation and expenditures. The history of local government administration in Alberta is marked by far-reaching reforms initiated by the province - as in the re-organization and enlargement of school divisions, and municipal districts, the replacement of separate city charters by the City Act, and the County system. It is, of course, only proper that this should be so, since under the constitution the province is ultimately responsible for all municipal government.

Education, as distinct from municipal government, is regulated mainly by the School Act, 1952; and in some rural areas by the County Act. (See also Chapter 7). The School Act, 1952, provides for the establishment of separate schools (which may be Protestant or Roman Catholic) at the desire of a religious minority. The main administrative units are school "districts" and school "divisions." The Minister of Education may establish school districts which may be purely rural, or may comprise an urban area with an addition of rural lands. A school District may thus be made up of an urban area, with the addition of parts of one or more municipal districts, or even parts of a local improvement district.

The Minister may, by order, constitute a school Division consisting of any number of rural public school districts, and the division is divided into not less than three or not more than five subdivisions.

In the case of the school divisions, the municipality within which a division is situate in whole or in part, must furnish to the Secretary of the Divisional School Board a certificate setting forth its assessment at December 31st of the preceding year. The Divisional Board then prepares and adopts an estimate of its expenditures for the current year. The Board must then apportion the total basic requisition among the municipalities, in proportion to the total values as shown on the certificates furnished by the municipal secretaries. The amount of the requisition is payable by quarterly instalments and each municipality has power to levy the taxes necessary to meet the amount of the requisition.

Where the County Council is also the school authority, the above procedures are naturally eliminated. Furthermore, even where Counties have not been established, co-terminous boundaries - for school divisions and municipal districts - were widely established throughout the province in 1955. The organization of local government - including school units - has thus become steadily simplified and strengthened.

With this outline of municipal structure in the province before us, we may now proceed to the alternative forms of government which must be considered for the two metropolitan areas. These may be listed as follows:

(i) Adoption of the metropolitan or "federalized" form as recently set up in the Toronto area.

(ii) Retention of the status quo, with several municipal authorities in each area and possibly ad hoc or separate boards for special functions.

(iii) Adoption of the principles of the County Act for each metropolitan area.

(iv) Amalgamation of each metropolitan area under the city council.

2. THE METROPOLITAN OR "FEDERALIZED" FORM OF GOVERNMENT

Metropolitan areas all over the world have certain common pressing problems, and heading the list is "organization of areas and authorities", i.e., the form of government. (W.A. Robson, (ed) Great Cities of the World, London, 1954, p. 99). The framework of government must first be put in order, to provide the best machinery by which these areas may tackle their other great problems of finances, planning, efficient municipal services, and popular interest in the affairs of the metropolis.

The most far reaching attempt to re-organize the government of a metropolitan area in Canada has occurred in Toronto. It is worth examining briefly for the lessons which may be drawn from it for Alberta.

By 1914 the city of Toronto had abandoned its former policy of extending its boundaries by the "annexation" process. By 1925, twelve new municipalities had been established on the perimeter of the city, but the city continued to adhere to its policy of "no annexation" - because of the cost involved. By 1951, when the "Balkanization" of the area had led to extremely grave urgent problems of many kinds, the city applied to the Ontario Municipal Board for an order directing the amalgamation of the whole 13 municipalities (including the central city of Toronto) into one city.

> "Despite their financial embarrassment, despite their dire necessity for services which they could not provide for themselves, eleven out of the twelve suburban municipalities violently and vitriolically defended their sovereign rights to remain locally autonomous even if the roof fell in on their heads and they went broke in the process." (F.G. Gardiner, "Metro's Progress", Toronto, November 8, 1955).

The Ontario Municipal Board concluded that the principle of "federation" was "the most promising avenue of approach", and its decisions and recommendations were substantially translated into law by the provincial legislature in April, 1953. A metropolitan Council for the whole area was established, with authority over certain functions, while others were left with the local councils. The Metropolitan Corporation is responsible for - among other things - water supply, sewage disposal, housing, financing of education, capital borrow-

ing, public transport, arterial highways, metropolitan parks, certain welfare services, and overall planning of the area. Among the functions left with the local councils are police and fire protection distribution of electric power, and libraries. The day to day management of the school system is left with the local school boards, but the Metropolitan School Board also has wide powers, especially financial. (Some other functions are also shared, or "concurrent.") Assessment is made uniform throughout the area, but the collection of taxes is by the local councils.

The Toronto Metropolitan scheme is in its scope unique in North America, and resembles much more the system of government in London through the London County Council and the constituent 28 borough councils. Whatever may be its merits for such large metropolitan areas, we do not recommend its adoption for Calgary and Edmonton, for the following reasons.

(i) All such schemes are compromises, adopted historically only after the situation has become so bad that simpler, clear-cut solutions cannot be agreed upon. The situation in Calgary and Edmonton is not bad enough, nor the resistance to the simpler method strong and deeply-rooted enough, to justify the adoption of such elaborate machinery of government. The simpler method is preferable if it is at all feasible.

(ii) In the Toronto area, responsibility for municipal, educational and other services was divided among thirteen councils and more than eighty local boards, spending among them about $75,000,000 per annum. By way of contrast the metropolitan area of Edmonton is governed by a total of six councils and eight school boards, and the metropolitan area of Calgary, by four councils and six school boards. The complexity of the Calgary and Edmonton areas is not serious enough to justify the "metropolitan" form of government.

(iii) The respective populations involved in the Calgary and Edmonton areas are not large enough, nor have the municipal authorities outside the cities a long enough tradition of local self-government, to justify the "metropolitan" solution.

(iv) The "metropolitan" type of government is almost certainly more costly (by reason of duplication) than the simpler form of bringing the whole area into the city.

(v) There is no immediate problem related to utility services in the towns adjacent to Edmonton or Calgary. Co-ordination of all of them is

relatively easy since, for the most part, they are already (as in Jasper Place and Beverly) connected with the city system; or have no systems of their own (as in Bowness and Montgomery). Forest Lawn is an exception, with its own sewer and water system, but even there, integration with the Calgary system is not difficult.

3. THE STATUS QUO, WITH SPECIAL AGREEMENTS.

Not many metropolitan areas have adopted a solution like that in Toronto. A much commoner method has been for municipal authorities within a metropolitan complex to come together and work out joint agreements for the provision of certain joint services.

Thus in the Winnipeg area, which includes the city itself and fifteen adjacent municipalities, with a total population of about 357,000, certain services of common concern are administered by nine different Boards or Commissions. A committee appointed by the provincial government, in 1953 recommended the establishment of one Metropolitan Board to take over the duties of the existing Boards and Commissions, with power to impose levies on municipalities within its jurisdiction and to borrow money on the security of the various municipalities. These recommendations have not been implemented by legislation. It is understood that the Government of Manitoba has recently appointed a Royal Commission to investigate again problems of the Winnipeg area.

In the Montreal area, a Metropolitan Commission has been established to supervise and control the financial affairs of the separate municipalities, (excluding the city of Montreal) and in that regard seems to exercise the same jurisdiction as is exercised by the Public Utilities Board in this province. More recently the Paquette Commission has recommended a modified form of "metropolitan" government for the Montreal area. Meantime a considerable number of joint arrangements facilitate the carrying on of area-wide services.

Similarly in the Victoria area, the Vancouver area, and nearly every other metropolitan area of the country, there are joint agreements or boards for one or more of the services such as sewer systems, water supply, drainage, transit, libraries, education, planning, parks, electricity, and so forth. They have the advantage that they make common action possible for essential services. Members of the boards however, are, as a rule not elected but appointed and are often supported by the specious argument that they remove some essential services out of "politics". The other side of the coin is that they remove the independent boards from popular control through the elected councils. They make government unnecessarily complex to the citizen, and he scarcely knows who should be held responsible at the polls for this or that service. At the best they can only be regarded as a patchwork compromise, forced upon jealously

independent councils, by the exigencies of public demand for essential services.

The Commission cannot recommend this patchwork of ad hoc authorities for the Calgary and Edmonton areas. In particular, we do not recommend that either of the metropolitan areas be brought under the authority of one public (and separate) school board, and left divided as now for municipal purposes - (a proposal that was widely discussed a few years ago in the Edmonton area.) The status quo, with minor modifications, should be rejected as a possible form of government.

4. THE ALBERTA COUNTY ACT

During the course of the public hearings the Commission asked witnesses to express their opinion on the County Act as a prototype for the form of government that might suit the metropolitan areas. It will be recalled that under this Act, there is one council with responsibility for both municipal and public school matters.

The city of Edmonton considered the county system, but the council preferred the one council, one public school board and one separate school board (as now), as the proper organization. The county system was rejected because of the long established tradition of separate councils and school boards all over Canada.

The city of Calgary stressed the independence of school boards and hospital boards and their freedom from "political" interference, - presumably by the council. Calgary dismissed the county system as a "retrograde step" and said that in Calgary there does not appear to be the type of problem which the county system is adapted to serve.

Implicit in the Bowness submission too, was the opinion that the traditional form of organization should be maintained, namely with council and school boards separately elected.

The Alberta Teachers' Association vigorously opposed any county system of government and advocated "financially independent" school boards.

The only ardent advocate of the county principle in any scheme of urban government, - to the extent that there should only be one urban council having jurisdiction over all functions of government including education - was the Ex-Commissioner of Finance for Edmonton. He alleged that from his experience,

many former members of the school board concur in his view. The view is that the council which collects the money for education purposes should have a voice in the spending of that money, and that educational matters should be delegated to a committee of the council, which would report to the council, which should in turn make the final decisions. The Superintendent of schools for Calgary set out what appeared to him to be the governing principles.

> "I suppose that all school officials are naturally interested in what might be the best form of administration for administering schools and services of all kinds, and interested in what is best, but it seems to me that when you talk about what is best, you almost have to break it down into what is best from the standpoint of economy, what is best from the standpoint of quality of instruction, and probably what is best from the standpoint of having the people's will felt and expressed by the School Board."

From the standpoint of economy he pointed out that the "fixed" costs of education, such as salaries, took up 73% of the budget; and that there are so many "constants" or "irreducibles" in the remainder - such as supplies, text books for pupils, and the like - that it was difficult to see where any difference in form of government would result in greater economy.

As to quality of instruction he was of the opinion that since the curriculum is so largely determined by the provincial authority, local boards have little discretion as to what they may offer, a situation which would not change merely because there was a change in the form of local government.

On the question of representation he stated that the theory seems to be, that under the county system, education would have to compete for money with other local services. To that theory the witness had no objection, but he wondered if, under the present system where boards are elected specifically for educational services, they are not more representative of the people's educational interests than a county council or its education committee.

The county system of government undoubtedly has much to commend it; but as yet is relatively new in the province. (There are now seven counties.) No conclusive date is available to demonstrate whether the county method has resulted in more efficient or economical administration. Some years must elapse before results can be evaluated. Moreover, it must be remembered that the counties were not designed for large urban areas.

The preponderance of the evidence before the Commission favours the traditional form of local government, namely, one council, one public school board and one separate school board; and although that in itself is not de-

cisive - since the evidence is only one of the factors which the Commission must weigh - we do not feel that we should recommend the adoption of the county system as a form of government for the metropolitan areas.

5. AMALGAMATION UNDER ONE COUNCIL, ONE PUBLIC SCHOOL BOARD, and ONE SEPARATE SCHOOL BOARD.

Having rejected the metropolitan or "federalized" form of government, the status quo with modifications, and the county principle, the Commission recommends that each metropolitan area be amalgamated; and that each such area be governed by one city council, one public school board and one separate school board. The supporting arguments for amalgamation have been given in detail in Chapter 12. It remains now to examine the attitude of the cities and the fringes towards amalgamation and other possible forms of government.

The town of Beverly in its first brief, submitted that every effort should be made to preserve its local government, but at the same time hinted that some form of metropolitan government might be desirable. (It will be recalled that the town's schools are run by an official trustee. See Chapter 3.) In a subsequent brief the town advocated a metropolitan school board, and spoke of a "central administration" with local councils electing representatives to the central body, or having the central council elected by divisions - Beverly to be one of the divisions. Their attitude in this regard was resolved by a straight-forward answer to a question:

Q. "That is, you would like to be amalgamated with the city of Edmonton, the town of Jasper Place and the industrial section of Strathcona?"

A. "We would, provided we were guaranteed representation."

The town of Jasper Place was forthright in supporting amalgamation of the area, as advocated by the city of Edmonton. The town opposed the setting up of a metropolitan system similar to that in Toronto, believing that the area was too small for such a complex system. Their opinion was that all existing councils should be dissolved and a new council elected at large for the whole area, but with the proviso that two councillors must be residents of each new area. The town brief was silent as to the composition of the school boards. (There is a public school board and a separate school board in the town of Jasper Place).

The city of Edmonton strongly pressed the case for amalgamation from the beginning, and the Municipal District of Strathcona as consistently opposed it. The many arguments pro and con have been given in the preceding chapter and

need not be repeated here.

The evidence from the Calgary metropolitan area follows the same general pattern; except that there was nothing to compare with the opposition offered by Strathcona Municipal District. The town of Bowness emphasized a liking for self-expression and a strong desire to remain a separate administrative entity, but recognized that the retention and maintenance of that ideal might result in bankruptcy. Consideration had been given to some form of metropolitan government but was rejected, and the conclusion was reached that the salvation of the town lay in amalgamation with the city. No concrete suggestion was made as to what form of government should be established, but the wish was expressed that some system of representation should be devised to safeguard the interests of the town. Implicit in the whole submission on this point is that the traditional form of government should be maintained, with one council, and one public school board.

The submission on behalf of Forest Lawn can only be described as very inconclusive. The brief suggested the retention of local "autonomy" and the formation of some type of metropolitan over-riding authority. This attitude was quite weakened on cross-examination, and the Commission is impelled to deduce from the evidence that the majority of the population is in favour of amalgamation into a larger urban unit. Indeed it is a matter of record that the western section of Forest Lawn, known as Albert Park, has previously sought annexation of that area by the city of Calgary.

The council of the former Municipal District of Springbank in an abbreviated brief favoured some type of metropolitan government, on behalf of "Glenmore", but did not elaborate thereon. Representatives from Glenmore itself favoured an independent municipal and school unit with coterminous boundaries; but as a second choice wished to be brought under city government.

The Calgary District Planning Commission set up a committee in 1953 to investigate the problem of establishment of a Metropolitan Board and to make recommendations. By reason of the appointment of this Commission the committee ceased to function. The brief presented by the Planning Commission pointed out that neither the area nor its population is too large for central administration, and that Calgary is the only municipal authority in the area with a full complement of departments, and a tradition of experience to handle all phases

of urban development and administration. The brief then went on to say that it seems apparent that in the Calgary metropolitan area most of the advantages lie with amalgamation.

The city of Calgary supported amalgamation, but was deterred by the initial costs involved. Inferentially then, Calgary advocated a single council for the whole area - if amalgamation takes place - and a public school board and a separate school board. In a subsequent submission Calgary was more explicit and rejected the metropolitan form of government, while stressing amalgamation. The strong argument was put forward that the problem of supplying utilities and other services in the metropolitan area is a single, area-wide problem which ought to be dealt with by a single authority.

Spokesmen from Montgomery favoured amalgamation, and a single unified government for the metropolitan area.

In summary, then, there was no strong objection to the city form of government for the whole area, except from Strathcona Municipal District. The fringe towns, however, all seemed to fear domination by their central city, and all desired direct representation on their respective city councils. Some of them cited the 1912 agreement between Edmonton and the (then) city of Strathcona as a precedent to justify permanent representation on the new city council. The relation between the present fringe towns and their city, and that between Edmonton and the city of Strathcona in 1912 are quite different however, and the analogy is thus a weak one.

In 1912 the (then) city of Strathcona had 25% of the north side population; it operated its own power plant, electric distribution, and street railway; possessed a full range of municipal services, and was in favourable financial circumstances. The amalgamation agreement provided that it was entitled to elect aldermen in proportion to its population as part of the new city total, with a minimum guarantee of three out of ten seats on the council.

Jasper Place with 13,594 people and Beverly with 4,008 - making a total of 17,602 - have only about one-twelfth of the population of Edmonton. If the new city council is increased from ten to twelve (as recommended below), and the population of the enlarged city approximates 230,000, the result is one alderman for about each 19,000 of population.

It is obvious that permanent representation could not be given to Beverly

on any fair basis of "representation by population", and much the same is true - though less marked - of Jasper Place. The Commission does not believe that a ward system of representation should be introduced, and feels that if Jasper Place and Beverly are assured of representation on the city council during a transitional three-year period only, this should be satisfactory. The Commission thinks it would be a mistake to perpetuate "area" representation for any longer period.

In the Calgary area, Bowness at 5,881, Forest Lawn at 3,600, Montgomery at 4,250, and Glenmore at 1,300, makes a total urban fringe population of 15,031, compared with 168,840 in the city. Assuming a metropolitan population of some 185,000, and a new council of 14 members, the result is one alderman for about each 13,000 of population. For the same reasons given above, it is apparent that no fair arrangement could be made for permanent representation of any one of the fringe communities. The combined population of the fringes will approximate one-twelfth of the total population in the enlarged city. Again, the Commission believes the public interest will be fully served in the area if "Bowness-Montgomery" and Forest Lawn are given representation for a transitional three-year period only. Were it not for the fact that in both metropolitan areas certain municipal services will be required to be brought up to the city level, the Commission would not be disposed to recommend any separate representation even for a transitional period.

6. REPRESENTATION.

As to representation then, (based upon the assumption that amalgamation as recommended will take place) the Commission recommends:

(1) that the council of the enlarged city of Edmonton be increased from ten aldermen to twelve, all elected at large; but that during the period of three years following amalgamation, at least one alderman must be a resident of Jasper Place and one a resident of Beverly.

(2) that the council of the enlarged city of Calgary be increased from twelve aldermen to fourteen, all elected at large; but that during the three years following amalgamation, at least one alderman must be a resident of Forest Lawn and one a resident of either Bowness or Montgomery. (Bowness and Montgomery are considered as one unit for purposes of representation).

(3) that the special provisions of The Edmonton-Strathcona Amalgamation Act being Chapter 66 of 1911-1912, which provide for the election of aldermen and school trustees from that part of the city lying south of the North Saskatchewan River, be repealed.

A few comments on the recommendations may be useful. If Edmonton and Calgary desire to retain an aldermanic membership of ten and twelve respec-

tively, as now, they should be permitted to do so subject always to representation on the respective city councils for the transitional period, as above indicated.

The special provisions of the Edmonton-Strathcona agreement relating to representation have served their day and generation, but no longer serve any useful purpose, because the reasons giving rise to them are no longer valid.

The Commission is of the opinion that when amalgamation becomes effective, and when the four fringe towns disappear as such, then their respective councils and school districts (whether public or separate) automatically cease to exist.

The Commission does not recommend any increase in the membership of school boards, whether public or separate, nor any special representation during the transitional period. The fringe population is small, as a proportion of the total, and the problems relating to integration of the school systems are simpler and different in nature from the other municipal problems. The Commission is satisfied that the educational systems can be brought together efficiently without any further recommendation.

CHAPTER 14. CITY BOUNDARIES.

CHAPTER 14. CITY BOUNDARIES.

Outline of chapter contents.

1. Summary of principles on which boundaries have been drawn.

   (a) Each area is an economic and social unit, and should also be a government unit.

   (b) The city should have enough space for 15 years or so expansion.

   (c) The direction of expansion should take account of economy of utility extensions and the "trend of development".

   (d) Local tax revenues should go to the authority bearing the local costs.

   (e) School and municipal boundaries should be coterminous.

   (f) Industrial growth adjoining the city should be governed by the city.

   (g) Urbanized areas adjoining the city should be within, for planning purposes.

   (h) It would be a metropolitan tragedy to have an independent city on Edmonton's east boundary.

2. The request of the cities for extra land.

   (a) The control argument.

   (b) Factors in estimating area required.

3. The Calgary area.

   (a) Previous annexations.

   (b) Estimates of population, and land required.

   (c) Direction of growth.

   (d) Recommended boundaries of the enlarged Calgary.

   (e) Comments on the boundary recommendations.

4. The Edmonton area.

   (a) Previous annexations.

   (b) Estimates of residential land required.

   (c) Direction of residential growth.

   (d) Industrial land requirements.

   (e) The city on boundaries.

   (f) Recommended boundaries of the enlarged Edmonton.

   (g) Comments on the boundary recommendations.

5. The impact of enlarged boundaries on school districts.

CHAPTER 14. CITY BOUNDARIES.

The very first of the specific instructions to the Commission is "to recommend the boundaries and the form of local government which will most adequately and equitably provide for the orderly development of school and municipal services". In Chapter 13 the Commission has recommended one government for each of the metropolitan areas, the form of such government to be the present city form of government. That is to say, the Commission has concluded that each metropolitan area would be best governed by enlarging each of the present cities to include its whole metropolitan area. It is now time to be more precise about where the boundaries of each enlarged city should be drawn.

Local government boundary lines should not be drawn arbitrarily, but should pay due attention to a variety of factors, such as economic unity, topography, population density, transport and communication lines, taxable capacity, a sense of community, land requirements and many others. Since all of these factors seldom indicate the same boundaries, in the end the exact line is usually settled pragmatically, so that it becomes a matter of degree, of striking a balance, of saying "on the whole" this or that piece of land should be included or excluded.

In order to reduce the arbitrary element as much as possible in drawing the boundary lines of the enlarged cities we must look for guidance to certain general principles. These are summarized below, omitting the supporting detail of argument which has been given in Chapter 12.

1. Summary of principles on which boundaries are drawn.

    (a) Each metropolitan area is an economic and social unity, resting upon the same economic base. This underlying fact was recognized in Chapter 13 where the recommendation was made that such an economic and social unity should be brought under one government.

In the light of that recommendation, it clearly follows that the city boundaries should include both the residential and industrial fringes. In practical terms then, the enlarged Edmonton should include the fringe towns of Jasper Place and Beverly, the adjoining industrial areas of the municipal districts of Strathcona and Stony Plain, and other quasi-urban fringes adjacent to the present city. Similarly, the enlarged Calgary should contain the fringe communities of Bowness, Forest Lawn and Montgomery, and whatever other residential and industrial districts adjoin the present city limits.

(b) Each of the cities should be provided with sufficient space for planned expansion for a period of 15 years or so.

The Calgary and Edmonton areas are growing in population at an unusually rapid rate. If the first principle is interpreted narrowly, by including only the presently built-up or industrialized fringes, the boundaries of the enlarged city would still not allow much room for future growth. To provide for a shorter period than 15 years or so would unduly cramp the city and district planning, and might result in frequent annexation applications; to provide for more, is to look too far into an uncertain future. Space enough for 15 years or so can only be provided by including in each city substantial areas of presently rural land.

(c) The direction of expansion should take account of economy of utility extension and the "trend of development".

Cities do not normally expand outward equally in all directions. Calgary and Edmonton are expanding faster in some directions than in others, for such reasons as fashion and public demand, topography, and economy of utility extensions. Accordingly, the boundaries of Edmonton must be extended further to the south and east than to the north; and of Calgary further on the south than in any other direction.

(d) Local tax revenues from industry should go to the municipal authority which bears the public or social costs of industry and its employees.

Where the taxation revenues from industrial property go to one municipal authority, and the bulk of the public, local liabilities are borne by another municipality, an inequitable situation exists, and boundaries should be adjusted to remedy it.

Thus, the workers in the fringe communities are employed for the most part in the city. The city derives the tax revenues from their places of employment, while the fringe communities bear the civic and educational costs arising from their function as residential suburbs. In the interests of equity, the city revenue should be shared with these dormitory fringes, and the city's responsibility can best be discharged by bringing these fringes within the city.

In the same way, the tax revenues from industrial plants near the city, but outside in the municipal districts, accrue to these authorities, while the municipal costs attaching to the employees are borne for the most part by the city and the fringe towns. Equity is most simply achieved

by bringing the industrial areas within the city boundaries.

In addition, the boundaries then encompass the whole balanced residential and industrial tax base of the area. The result will be, as pointed out in Chapter 12, the gross variations of assessment in the metropolitan area will be eliminated, and an unjust situation redressed. If any part is left out the tax base is more unbalanced, and as we have abundantly shown in earlier chapters, taxes on residential property alone are quite insufficient to support a full range of municipal services.

(e) School and municipal boundaries should coincide wherever possible.

In following this recommendation, as laid down in Chapters 7 and 12, the Commission is adhering to an established principle of local government in Alberta. In adopting it we realize that small departures from coterminous boundaries are occasionally found, for reasons peculiar to each local situation - for example with regard to the present city of Calgary, and all of the fringe communities.

Inevitably there will be some disruption of school board, as of municipal finances and administration - as there always is, in any boundary change; but such transitional dislocation ought not to stand in the way of the orderly development of the whole area. If the boundaries are settled for a considerable number of years the school boards, like the civic authorities, will have a firm basis on which to lay their longrange plans.

Two other considerations, with respect to boundaries being extended into the municipal districts, have influenced this Commission - both of them being treated at greater length in Chapter 12. They are:

(f) Industrial growth adjoining the city properly belongs within the city for purposes of administration and government.

(g) Urbanized areas adjoining the city should be brought within the city for planning purposes.

Finally, a special consideration - applying only to the Edmonton area - has been given great weight in drawing the eastern boundary for the enlarged city.

(h) It would be a metropolitan tragedy for another independent city to grow up on Edmonton's east boundary, thus creating in the area the problems which have plagued the older and larger metropolitan areas of the world.

These then, are the main principles which have guided the Commission in recommending the extension of boundaries for the two cities. No one

principle has been followed exclusively. Other considerations have also entered in, especially when the decision had to be made whether to bring in or exclude a particular section or quantity of land; and at all times the evidence presented by interested parties has been duly taken into account.

2. <u>The requests of the cities for extra land</u>.

The cities have not only argued in favour of complete amalgamation of the metropolitan quasi-urban area, but have also requested extra rural land beyond the existing urban fringe. The requests for extra land have been supported by two main arguments: (a) so that rural land at present outside the city may be effectively controlled during the period before it is required for development, and (b) to provide residential and industrial space for expansion of the city in the years ahead.

(a) The control argument.

The argument for inclusion of undeveloped land, for control purposes, is unquestionably a powerful one. If land use outside the city - even a somewhat larger city that included the present urban fringe - is not controlled by some authority, there is nothing to prevent a recurrence of fringes and a growth of towns which may, from the city and area point of view, be badly sited. The consequences would be that when, in the course of time, these areas are brought within the city they would become more costly to service or, as has happened frequently elsewhere if they are not annexed, then the city becomes hemmed in, practically all new development takes place outside, and the central city becomes "run down" and liable for expensive re-development schemes. If fringe communities are left alone, they develop in time a local "autonomy" which makes amalgamation difficult if not virtually impossible. The metropolitan area becomes fragmented into a number of governments, and problems accumulate, until only desperate half-measures are possible, as in the Toronto Metropolitan Area.

This sad fate can be avoided however, if some type of joint planning for the district can be prepared and carried out. The recommendations in Chapter 5 were designed to insure that district planning would in fact be effective. If the land uses outside the cities are adequately planned and controlled by district planning, it follows that it is not so urgent for the city to extend its boundaries widely for control purposes; more part-

icularly if the land in question may not be required for a generation or more.

There was indeed a notable shift in opinion on this point in the Calgary representations. At first, the city was inclined to ask for extremely wide boundaries, basing its case heavily on the control argument. Later, acting on the assumption that the district planning authority could and would exercise satisfactory control of land use outside the city limits, the city's representatives were willing to rest content with a smaller city area. The recommended boundaries have been drawn on the assumption that district planning will control land uses outside the enlarged cities, and prevent undesirable fringe subdivision.

Nonetheless, it is a mistake for a rapidly growing city to be confined narrowly, so that annexation proceedings become an annual affair like the civic elections. Further, long range capital budgetting and planning are impossible in a hand to mouth existence, but require certainty and stability for their smooth operation. One form of certainty is to know, for at least several years ahead, what extent of territory the city administration will be responsible for.

Some witnesses thought that the city should take in land enough for a generation ahead. Thus, the Calgary Real Estate Board suggested that land which "could normally be expected to be developed within the next 30 years should be encompassed by the city limits immediately". There is something to this point of view. Certainly many serious problems have arisen in older cities elsewhere because of a reluctance to annex soon enough, and it is probably better to over-annex than under-annex.

On the whole, however, the Commission is reluctant to go so far, bearing in mind the history of irregular growth behind Calgary and Edmonton. There is a happy medium, and it seems to the Commission that in the case of these rapidly growing cities, they ought to be provided with enough space to take care of their land requirements for, say, 15 years, plus some margin for control here and there to take care of the unforeseeable elements in the trend of development. It is on this assumption that some of the recommendations below are founded.

(b) Factors in estimating area required.

The contention that the cities require more space, for residential and

industrial development, may now be examined. The question of the area likely to be needed, for any given period, by the city cannot be considered in isolation, but must take into account a number of factors. The most important of these are:

First, the anticipated population; and second, the density of population. These two factors together determine the gross quantity of residential land required. Included in this amount will be waste land, and land for recreation, schools, streets and miscellaneous purposes. Third, requirements of land for industrial zoning.

Even if we knew these amounts, however, that would not be enough: we should know only the gross area required. Hence the fourth factor, the <u>direction</u> in which residential and industrial growth is likely to occur. Some areas are thought by the public to be more desirable than others for residential development, or else are cheaper to service with utility extensions, and so city policy may endeavour to develop those first. Some areas are better than others for industry, and even for certain types of industry. For these reasons, a city may contemplate no expansion in one direction, but substantial growth in another.

We may now turn to each metropolitan area separately in order to estimate land requirements and to recommend boundaries.

3. <u>The Calgary area.</u>

(a) Previous annexations.

By 1911, the area of the city of Calgary was $40\frac{1}{2}$ square miles. In 1923 some 550 acres were removed from the city. No other boundary changes were made until 1951 when the city took in what is now known as Windsor Park, and in 1952 the area known as "The Meadows". Both of these annexations were on the southerly limits. Late in 1954 an area roughly one mile deep and six miles long, on the north edge of the city was annexed; and on the west boundary of the city, an area roughly one-half mile wide, together with the 550 acres which in 1923 had been removed from the city, was taken in. All of these annexations followed the normal procedure of application to the Board of Public Utility Commissioners, either by the city or by the residents in the areas concerned.

The result was to give the city, at the end of 1954, an area of $49\frac{1}{2}$ square miles. Occasionally, areas outside the city have applied to the Board

to be annexed by the city, but the application has not been successful. Cases in point are the applications, a few years ago, from the hamlet of Montgomery, and the hamlet of Albert Park (now a part of Forest Lawn). The city, in evidence, stated frankly that the fringe communities were not annexed earlier, when they were smaller and only starting to develop quickly, because of the cost involved at a time when the city was hard-pressed and borrowing heavily for its own capital programme. It is the same story which is found in metropolitan areas nearly everywhere.

(b) Estimates of population and land required.

An estimate of the future population was put in evidence by the city, assuming a 7% increase for each of the next five years, and 4% per annum thereafter until 1974, by which time the population will have reached 384,000. Such a population, at an average "net residential density" of 12 persons an acre would require some 50 square miles for housing. If the industrial land is taken at 22% of the residential land, a further 12 square miles would be needed for industry. The city further stated that 47 square miles would be used up for such purposes as the Glenmore reservoir and watershed, airfields, golf courses, cemeteries, rivers and river banks, urban parks and natural parkland, and some reserves. The gross total of surface area required by the end of the 20-year period, 1954-74, would thus be about 109 square miles, including in this figure all the land at present in the city.

A second estimate of land requirements was put in evidence, based upon a population figure of 317,432 and an area of 105 square miles. It may be summarized as follows:

Land uses, Calgary, with a population of 317,432
and total area of 105 square miles.

Area of present city	49.5 square miles
Area to be annexed - including built-up fringes and undeveloped land	55.5 " "
TOTAL	105 square miles

	POPULATION	DENSITY	AREA
Developed residential land (city)	170,000	17 per ac.	10,142 ac.
" " " (outside)	17,200	12 " "	1,435 "
Undeveloped " " (city)	41,900	12 " "	3,492 "
" " " (outside)			
(a) urban	71,544	12 " "	5,962 "
(b) "estates"	16,7[illegible]	1.5 " "	11,1[illegible] "
TOTAL ...	317,432		32,223 ac.

Total area, residential			32,223 acres
" " industrial - developed	3,002 ac.		
undeveloped	12,161 ac.		15,163 "
" " miscellaneous (parks and parkland, golf courses, cemeteries, university reserve, airport and airport control, water, river front, steep areas, & reserves)			19,814 "
	GRAND TOTAL		67,200 acres (105 sq. miles)

The chief differences between the first and second estimates are: (a) the area in the second estimate is slightly smaller (some 4 square miles): and - more important - (b) the second estimate has some low density residential areas ("suburban" or "estate" living, at 1.5 per acre), together with reserves, which if later utilized at a higher density (say 12 persons per acre) would permit a larger population to be accommodated without further annexation; (c) the industrial area is larger in the second estimate, thus providing industrial land for a population considerably in excess of 317,432.

These estimates, and their supporting detail, may be looked at in a simpler way. Within the city, and within the economic limits of sewer and water service, there is room enough for a further 41,900 people at 12 persons per acre. This could take care of city needs for three years, at the present rate of growth (about 7%). This does not take into account however, either the industrial land requirements, or the trend of development, and these factors are as important as gross acreage.

Estimates were later put in evidence which did not project figures quite so far into the future. The increase in population for four years from 1954 to 1959 was estimated at 70,602 at a rate of growth of 7% a year. This number of persons will require for residential purposes, 5,883 acres, or 9.2 square miles at 12 to the acre. These can be accommodated by "filling in" Bowness, Forest Lawn and the fringe communities on the west, and by general development of the vacant land in the city which can be economically serviced with sewer and water. Included in the latter are the completion of the North Hill development and of the serviceable land south to Turner Siding. If this is true, and it is more likely to be true than estimates for 20 years ahead, then there seems no reason why the city's requirements for an additional 5 years, or 10 years in all from 1954, could not be well taken care of with the annexation of "Glenmore", an area of 19½ square miles. If certain other

smaller areas on the periphery of the city limits are added, as noted below, then the total area recommended for the enlarged city should be enough to accommodate all growth that could reasonably be expected in the next 15 years, and give a margin for control and industrial requirements beyond that date.

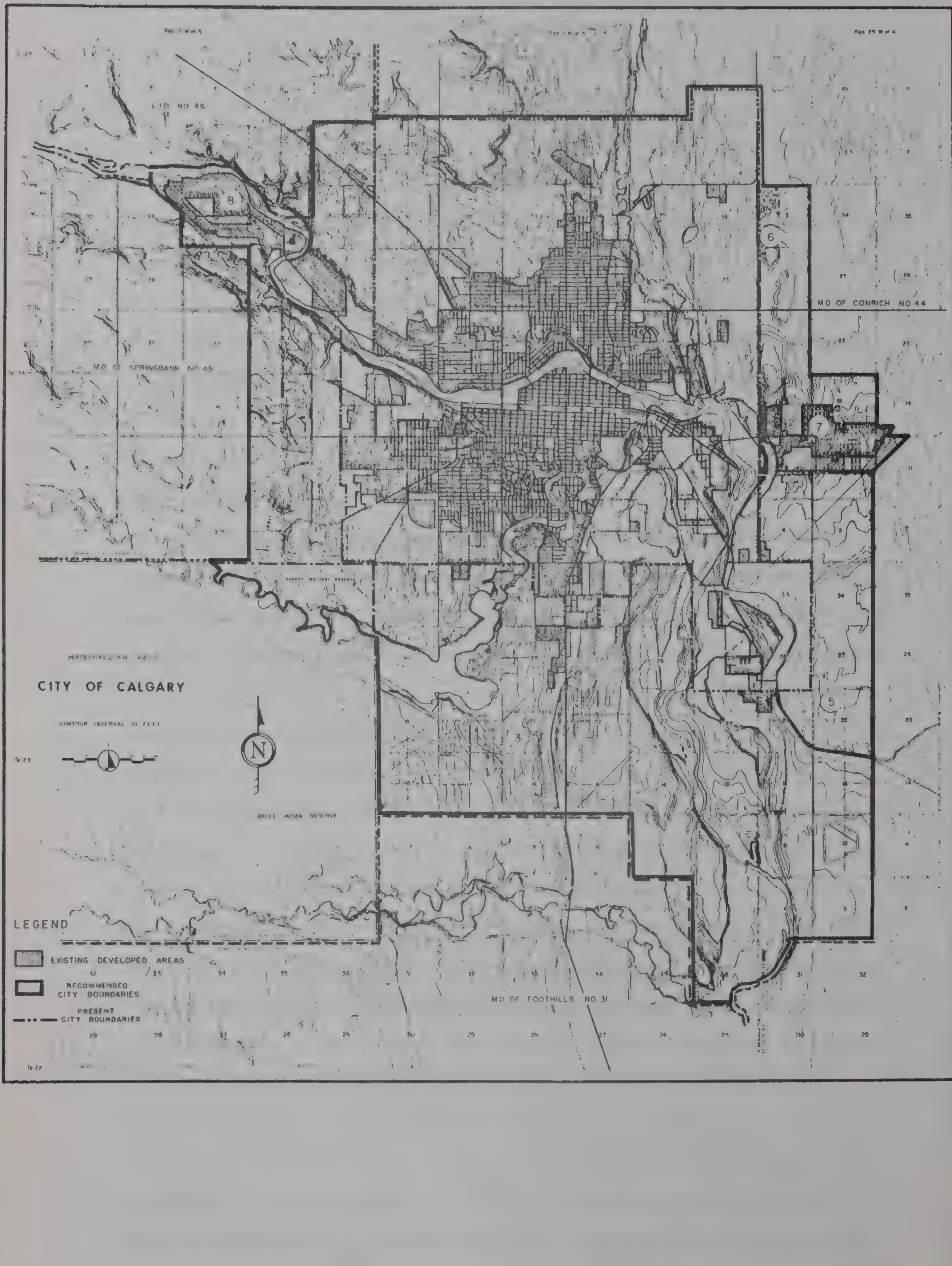
It is naturally difficult to say what the future industrial land requirements will be, except that there is likely to be some demand for land for large industries, such as refining and petro-chemical, in areas well beyond established utility systems, as well as for smaller secondary industries which must be closer in, where utilities, good highways, and spur track access, are available. It is already city policy to develop industrial sites on a "package deal" basis, as in the Highfield and Manchester districts. Since some industries tend to group together, there is much to be said for such industrial zoning.

(c) Direction of growth.

The direction of growth must be anticipated before boundaries can be delineated. The chief factors to be considered in the direction of growth are: topography, accessibility to railways and thoroughfares, economy in installation of utilities and the trend of development. It is obvious that city growth will not be perfectly uniform in all directions from the centre outwards.

Calgary expansion to the north (even inside the city limits) presents some difficulties, by reason of topography and the cost of utility extension. Moreover, since the industrial expansion is predominantly east and south, any large residential development in the north would result in long journeys to work and excessive expenditures on major thoroughfares and transit routes. The traffic problem would be worsened. To service the area to the north-west the construction of a large sanitary trunk sewer would be required, which for much of its length would pass through "unproductive" areas. On the west there is much rugged land, scarcely suitable for residential development, except perhaps for low density "estate" living, and without some city utilities. Nor is the north and west suitable for industrialization, because of topography and the lack of rail lines.

The area to the east (around and north of Forest Lawn) has fewer topographical handicaps for residential use, but its chief drawback is its dis-



LID NO 46
MD OF CONRICH NO 44
MD OF SPRINGBANK NO 45
CITY OF CALGARY
SARCEE INDIAN RESERVE
MD OF FOOTHILLS NO 31
LEGEND
EXISTING DEVELOPED AREAS
RECOMMENDED CITY BOUNDARIES
PRESENT CITY BOUNDARIES

tance from the water supply, the Glenmore Reservoir. To develop it would demand large expenditures on a water main through the built-up part of the city. Nor is it considered practicable for the city to develop the area south of the airport. Some of that area will very probably be required for airport expansion. Beyond this again to the south, residential development is prohibited because of the airport zoning, and the loaning restrictions imposed by N.H.A. The district is more suited to such purposes as golf courses. The land adjacent to the Trans-Canada Highway and the No. 2 Highway may be reserved, according to the city, for controlled commercial and light industrial development.

In contrast to all the above, the area to the south and east proposed for the future major expansion has all the required advantages. Suitable land is available for homes and industry, with homes on the western portion, and commerce and industry in the east. A major highway as well as a railway passes through it, the entire area drains naturally to the Bow Valley where a sewage disposal plant can be built to serve the entire area.

We may conclude from the evidence, that Calgary's expansion for the next fifteen years or so will be - apart from some "filling in" - mainly to the south, and south-east. Hence these are the directions in which boundaries should be extended furthest. And they should be extended far enough to provide for a possible population of the order of magnitude of 300,000 to 350,000 people.

With these comments in mind it is now possible to tour the boundaries and make recommendations. In doing so we shall begin with the present north-west corner of the city limits. (See map attached.)

(d) Recommended boundaries of the enlarged Calgary.

(i) North boundary.

Beginning at the north-west corner of the present city, and proceeding eastwards, the northern limits of the city ought to remain as they are. No extension has been requested, and in any case there is still much undeveloped land within the northern part of the city. As noted earlier, however, it is unlikely that development will press against this part of the city perimeter for a long time, because of the topography.

(ii) North-east boundary.

Starting at the north-east corner and proceeding southwards, the boundary to be as at present, for 1½ miles south to the airport turn. The area outside this line is not likely to be developed because of its low lying nature and the need to keep it clear for airport control. Add Sections 33, 38 and 21 - all in Twp. 24-R.29-W.4th. The city asked for a half-mile strip, east of the highway, for control purposes, but it has been thought better to include a mile strip in order not to divide the sections. The municipal district of Calgary No. 44 has suggested the city take in a section width, on the same grounds - that it is awkward to split sections. This difficulty can be avoided by taking the whole section in. By this annexation, the city will be able to control development on both sides of the new Highway No. 2, and also its junction with the Trans-Canada Highway.

(iii) Around Forest Lawn.

Forest Lawn is, of course, to be included within the city, together with some land immediately north, namely all those portions of Sections 16 and 15 in 24-29-W.4th not already in the town. The small rural bulge into north Forest Lawn, in Section 16 is included, since development is already proceeding there, and it is a logical part of the town, and in any case Municipal District No. 44 believes it should be included.

To the east the boundary should follow the town boundary eastwards to its furthest point, from which it should angle south-west to meet the west boundary of Section 11-24-29-W.4th at its mid point. Forest Lawn is thus encompassed, together with a strip of land on the north and south-east.

(iv) South of Forest Lawn.

The boundary to run from the last point mentioned in paragraph (iii) straight south on the section line for 7½ miles, at which point it will turn due west to the Bow River. The land additions to the city are the portions of Sections 9 and 10-24-29-W.4th not already in the town, plus due south Sections 4 and 3-24-29-W.4th, and Sections 34, 27, 22, 15, 10 and 3 in 23-29-W.4th; and all the land between these Sections and the river.

The land immediately south of the town is included because this area is crossed by rail tracks and possible marshalling yards and there are signs that it may soon undergo industrial development. Further south, in Sections 34, 27 and 22, is a considerable number of small holders, on parcels of 5 acres and upwards, who work for the most part in the city. These sections are now very probably a net loss to the municipal district, in that they add more to costs than to revenues; and it is only proper that if industrial assessment, or industrial potential, is taken from the municipal district that some costs should be taken as well. Further, the land east and south of Ogden has been requested by the city on the ground that it is scheduled for industrial growth.

It will be observed that the explosives plant is also included, together with the 1,300 acres in which it is situate. The argument for inclusion of the plant is strong, and in the light of the principles enunciated above, unanswerable. The plant, working at about half-capacity, employs 135 workers of whom 122 live in Calgary, 3 in Forest Lawn and 4 in Montgomery. They have 92 school children and 101 pre-school children. As the plant approaches full capacity,

the number of employees will presumably increase. Clearly, the civic and educational costs attaching to the employees are borne mainly by the city, and the plant ought therefore, to be included within the city limits. Its taxes were $51,151 in 1954, and were estimated at $56,000 for the same year if within the city.

It will, however, be at the extreme limits, in a district where no residential growth will occur, and hence there is no reason that it should constitute a hazard, anymore than it does now. The question of power supplies to the plant, and to the nitrogen plant in "Glenmore", are treated in Chapter 15.

(v) South boundary.

The south-east corner has already been outlined, namely Section 3 and part of Section 4-23-29-W.4th. The line should then follow the river as it angles south-west, to the south boundary of Section 36-22-1-W.5th, thence west to the south-west corner of the same Section; thence due north for two miles; thence due west one mile; thence due north one mile to the southern boundary of "Glenmore". This operation has added nearly four sections of land west of the Bow, on the ground that the city should be provided with good, flat land - downstream - suitable for sites for industries with large land requirements and - to a lesser degree - a site for a future sewage disposal plant.

All of "Glenmore" - now Division 8 of M.D. No. 44 - should be included within the city, which has already applied for its annexation. Representatives from "Glenmore" gave evidence to show that while they preferred to become independent - i.e., to be taken out of the municipal district and incorporated as some kind of co-terminous municipal and school authority - as a second choice they preferred annexation by the city, a fate which they regarded as inevitable, in any case, over the next few years.

Its annexation by the city rests upon the following considerations. Its physical features are such and it is so related to the rivers, the railway and the highway that a large part of it is well suited for intense urban uses of balanced residential and industrial expansion. Its development will give a more balanced structure to the urban area, by providing the city with a higher proportion of industrial land than at present, especially of large acreages.

Moreover, the bulk of the existing industry is already located in the south-east part of the city, while the bulk of the post-war residential ex-

pansion was to the north and west. Such trends, if continued further, would result in a poor relationship between homes and places of work, particularly from the point of view of time lost on the journey to and from work, and the worsening of traffic problems. The development of this area would conteract these trends and ensure a better relationship between homes and places of work, and help ease the ever worsening traffic problems.

Further, with the installation of a sewage disposal plant farther downstream on the Bow River, the area can readily and economically be serviced with sewer and water.

Finally, the trend of development has already set in strongly in that direction, both for residential and commercial uses. Large integrated housing schemes are already contemplated for the area, directly south of the present city limits.

For these reasons, its inclusion is recommended, although it is recognized that the Glenmore reservoir and watershed will add little to available city space for development, and that the south-west portion of Glenmore may remain in "estate", low density use for a long time. Section 11-23-1-W.5th is added for purposes of drainage, control of industrial development near the river, and to round out the area. We do not, however, recommend that the further 14 sections in the Fish Creek area (including Midnapore) be annexed, - as suggested by the M.D. of Foothills - but that its development, if any, be subject to the General Plan of the Calgary District Planning Commission.

(vi) <u>The South-west boundary</u>.

Having reached the southern limit of "Glenmore", the boundary line should then be drawn due west to Sarcee Indian Reserve, thence due north to the northerly bank of the Glenmore Reservoir (Elbow River). Thence to follow the Elbow River north-westwards - to include the Sarcee Military Reserve - to join the western projection of the present city limits. From that point the line to run due east a short distance, to a point $1\frac{1}{2}$ miles west of the present westerly city limits.

The inclusion of the Sarcee Military Reserve (some 940 acres) is made on the assumption that only national defence development will take place there, and that financial arrangements can be made with the Department of National Defence to ensure that the city will not bear a greater cost than if the area were outside the city.

(vii) The West boundary.

From the last point mentioned in paragraph (vi) the line to go due north for 5 miles, adding a strip $1\frac{1}{2}$ miles wide to the present city. There is some pressure for housing development in the half-mile west of the city, but beyond that, in view of the rugged terrain, and the cost of utility extension, any development is likely to be on an acreage basis only, and is already being so planned.

From the point last reached, the line should run due west for one mile - on the north of Section 27-24-2-W.5th - thence due north to Bowness (approximately a half mile); then north-west through the N.W.$\frac{1}{4}$ of Section 33-24-2W.5th, then due north to the Bow River.

The land added immediately south of Bowness is hilly and rugged, unsuitable for economical development, but eminently suitable for park land and recreational purposes within the city.

The line should then follow the north bank of the river eastwards, and south-east, until it meets the west boundary of Section 36-24-2-W.5th, and thence should proceed due north to meet the western extension of the city's present north boundary. To the north-west of the city has thus been added Section 1-25-2-W.5th, Section 36-24-2-W.5th, and the slightly more than a half section lying between Montgomery and the city. Some small holdings in the north-west have been brought within the city, particularly those started as a depression measure in the thirties. The city will also be able to control commercial developments, if any, along the Banff highway for a mile or so. The town of Bowness and the hamlet of Montgomery have been included. Our tour around the proposed city limits has thus been completed.

(e) Comments on the boundary recommendations.

The total area of the enlarged city will then be as follows:

Present area of city	=	49.5 square miles
Recommended additions	=	55.27 " "
Total area of enlarged city	=	104.77 square miles

It must be remembered that Bowness, Forest Lawn and Montgomery have all been brought within the city. The extension of sewer and water facilities to these areas will raise engineering and financial problems. Montgomery can be serviced by extension of city utilities, but Bowness is beyond the economic limits of the sewer lines and will require an independent disposal plant. Forest Lawn is within the economic limits of the city's lines, but the town

has already begun the installation of its own independent system, and this will no doubt be continued. The city is, however, enlarging its sewage disposal plant which, being near Forest Lawn, might well serve the town also.

The two towns and the hamlet will not bring the city much extra space for development, although some "filling in" may be possible here and there, especially in Bowness and Forest Lawn. The bulk of the population growth will be accommodated within the present city, and in the rural areas recommended for annexation.

We believe that these extended boundaries should accommodate future growth up to double the present population of the city, despite the fact that much of the added land includes such "unusable" areas as the Glenmore Reservoir, the Sarcee military reserve, river valley and certain rugged and steep land. The estimates presented by the city, based on an area of 105 square miles (see above) are an approximate guide to land uses in the enlarged city. It is also true that the enlarged area will not be greatly out of line compared with that in earlier days. The following fugures show this clearly:

CITY OF CALGARY AREA AND ESTIMATED DENSITY

	1911	1951	1955	1955 (1)	1970 (2)	1970 (3)
Population	43,704	129,060	168,840	185,000	288,230	384,615
Gross area (in acres)	25,920	25,920	31,680	67,052	67,052	67,052
Persons per acre	1.69	4.98	5.33	2.76	4.30	5.74

NOTES: (1) present metropolitan population, and recommended enlarged area.
(2) estimated at 3% compounded annually, upon present metropolitan population of 185,000.
(3) estimated at 5% compounded annually, upon 185,000

There is undoubtedly some risk in adding so much territory to the present city limits, even though much of it is not usable. If growth should suddenly fall off, or a depression occur, the city will be left with much agricultural land. But, on the other hand, there is no reason such land in the city cannot be treated equitably (see Chapter 9), and at the worst, the city control of vacant land will be unified, and haphazard fringes less likely to recur. A recurrence of the unfortunate early history of the city can be prevented today if the city wishes to do so, and if the planning powers recommended in Chapter 5 are written into the planning legislation.

4. The Edmonton Area.

The principles of boundary extension discussed earlier apply equally to the Edmonton case, so there is no need to repeat them here. The same factors

also enter into the estimates which may be made of the area requirements, viz: anticipated population, density of population, land required for industry, the direction of residential and industrial growth, and economy of utility extension. In addition the Edmonton area has a special factor - the industrialization, and more recently, the residential development which is taking place in the rural district to the east of the city. Before these computations are made however, something should be said on past annexations.

(a) Previous annexations.

Up the year 1931 Edmonton extended its boundaries rapidly by large annexations and by the 1912 amalgamation with the city of Strathcona on the south side. The years 1912 and 1913 in particular saw very extensive annexations: on the west by a mile, on the north by two miles, on the north-east, on the east by two miles, and on the south-west. The greater part of the annexations consisted of rural land, but the village of North Edmonton was also included. Petitions, extending over many years, initiated some of the annexations such as Calder and Elm Park. In 1914, a Section of land (640 acres) directly south, and intersected by the Calgary highway, was added.

Thereafter, until 1947, no important boundary changes were made, so that the city retained the same area - of 43.24 square miles for 33 years, during which the population increased from 72,516 to 118,541. In 1947 the southerly third of the 1914 section was removed from the city, but a quarter-section immediately west was added, thus leaving the city area approximately the same. In 1954, two annexations occurred, a quarter-section on the south, and Terrace Heights, which is approximately $1\frac{1}{4}$ sections.

Thus it can be seen that while the city population grew from 72,516 in 1914 to 183,411 in 1953, it was accommodated within the approximate city boundaries of the earlier year. More roughly, we can say that the present population of 209,353, is contained within the boundaries of forty years ago when the population was one-third of its present total.

(b) Estimates of residential land required.

There can be little doubt that Edmonton space is getting scarce for building as the population continues to grow. The evidence of the Edmonton House Builders was that at the present rate of development, by 1957 no land zoned for housing will be available in the city limits; and that already "the competitive search for satisfactory serviced land ... has resulted in

yearly increases in raw land prices - increases which are reflected in increased sale prices being asked for houses". To ensure a supply of land for continued development "appears urgent and important".

In its final submission, the city of Edmonton argued that "the time is rapidly approaching when within the present city limits there will be no further room for new residential construction. Exhibit 121E reports a reserve of only 1171 acres of unallocated residential land within the City at December 31, 1954. "The date at which this will be fully occupied is indicated by the fact that about 700 acres represents one year's programme of new construction in recent years. If one assumes that only the land now vacant and zoned residential is to be available it is clear that it will be fully allocated by 1957 although actual construction may not be completed for another year or two. The date could be delayed several years, however, if it is decided to re-zone certain areas which are now classified for other purposes. But these areas are, in the main less desirable as residential areas than certain areas now outside the city limits and it therefore seems certain that new residential construction will seek to locate in the adjoining municipalities".

The reserve of residential acreage mentioned above excludes land zoned for parks, open spaces and residential greenbelt. These areas are needed for their present purposes, according to city planning, and it seems unwise to rezone them residential. Moreover, although re-zoning to a higher density would alter the estimate, there is no reason to think that the city will re-zone to a higher density and probably it should not do so. We are of the opinion that much new residential construction will seek to locate outside the city, and in fact it is already doing so.

Another estimate of residential land requirements may be made by making use of information on the rate of building. In 1954 Edmonton was far ahead of most Canadian cities in terms of new housing starts, at 22 per 1,000 people, with Calgary at 18, and metropolitan Toronto at 16. A rough estimate can be made from these figures, of the amount of land required each year for housing. At a density of about 16 persons an acre, and at 13.1 starts per 1,000 population, about 3 acres per 1,000 of the city's population are required each year for residences. On this basis, of 13.1 starts, the city of Ottawa requires about 600 acres a year or, say, about one square mile. Edmonton, with 22 starts per 1,000, needs 5 acres per 1,000, or close to 1,000 acres a year. (The city's

estimate, at 700 acres a year in recent years is somewhat lower, - but it must be recalled that part of the metropolitan increase has gone outside the city).

Over a five-year period, the fast-growing metropolitan areas can reasonably look forward to 15 to 25 acres per 1,000 of their population. On this basis Edmonton would require, for residential purposes for five years, something in the order of 5,000 acres - or over 8 square miles. This in turn, may be compared with the Calgary estimate that from the five years 1954-59, about 5,283 acres would be required. The Edmonton estimate is thus a conservative one, especially since the newer residential areas tend to have a lower density, in which case the five-year requirement might run closer to 6,000 acres. It certainly seems unwise to count upon less than 5,000 acres or so being required for residential housing in the next five years, and perhaps double that amount in 10 years. And the reserves already in the city are, for practical purposes, only some 1,171. If the municipal airport should be eliminated, the reserve would naturally be increased. But it would not be wise to count upon that, since despite the plans for a new federal airport south of the city, the present municipal airport may be retained, for charter flying and clubs.

With respect to utility extension the zoning for land use in the Outline General Plan for the district conforms as much as possible to the economic limits of the city sewer and water systems - i.e., to the areas which can be served without building an entirely new set of trunk mains. Population settlement beyond these limits will require new sewage plants and perhaps also new water treatment plants. Before the optimum size is reached, satellites will be planned and developed. If the Edmonton metropolitan population grows only at the rate of 3%, in about 9 years it will reach 300,000, which is only some 50,000 less than the figure estimated by the Edmonton District Planning Commission as that for optimum size. Although there may be no urgency at the moment to establish independent satellites, they should certainly be planned well in advance, while the shortage of available land in the city clearly dictates a substantial extension of the city limits.

(c) Direction of residential growth

The incorporation of Beverly into the city offers no solution to the land requirements, and Jasper Place offers at best only a partial solution, since, according to the Edmonton House Builders' Association "by reason of location and early planning deficiencies, much of the land in these areas is not of the best" (i.e., for residential purposes).

This emphasizes the fact that it is not enough to take account of gross area only, but the direction of probable growth is equally important. And here consideration must be given to economy of utility extension and the trend of development together with the availability of large blocks of land which can be assembled and processed by builders. Given the anticipated growth of population, then within the next year or two there will be heavy pressure to build outside the city limits. Indeed, there is already pressure for such "project building", which is said to account for about 80% of the new building in the metropolitan area.

Exhibit 176 E, put in by Strathcona M.D., purports to show that "present city boundaries plus limited annexation would be adequate (for housing) until 1963". The limited annexation referred to is a rectangle south of Terrace Heights, between 75th and 50th Streets, at present in Strathcona; an area of 1200 acres which the municipal district is quite willing that the city should annex. It must be noted however, that Exhibit 176 E assumed that every single available lot in the city would be used, including some "less desirable" land and some now in greenbelt. But it is very difficult to fight against buyer resistance in certain areas, especially when N.H.A. facilities and large areas for assembly by builders are more readily and more economically available elsewhere. Nor can we recommend that the city greenbelt zoning should be upset.

The city put the date at 1960 by which time every lot would be used, but since the calculations assume a different rate of growth, and a different number of lot requirements from those assumed by Strathcona, it is scarcely possible to reconcile the two estimates.

Doubtless, for years to come there will remain isolated lots here and there, on which construction could take place. Even much older cities often contain such vacant lots. But unless re-zoning takes place, these would be all allocated by 1957. Meantime, the pressure mounts for land elsewhere, especially outside the city limits.

The following table summarizes the land uses in the city, as of 1954:

		Acres
Residential		
	Used and allocated	8,619
	Reserves	1,171
Industrial		
	Used and allocated	1,796
	Reserves	1,332
Business		
	Downtown	295
	Other, and Reserves	458
Greenbelt		
	North side	1,790
	South side	100
All other uses - schools, parks, river, airport, roads, etc.		12,186.6
	Gross total	27,747.6 or 43.35 sq. miles. (approx.)

SOURCE: Exhibit 121 E.

For the five years ending in 1955, the population increase of the city was divided almost equally between the south and north sides of the river. The increase for the north side was 30,882, for the south side 29,485. Since the north side started with a much higher population, the rate of increase in the last five years was thus much faster on the south side, testifying to the residential trend in that direction. "If this pattern of growth should continue it would indicate a very rapid overflow into the adjacent sections of Strathcona". This is also borne out by the evidence showing that some of the most desirable land for future residential growth is east, south and southwest of the city, and by the commencement of the dormitory suburb of Campbelltown. Moreover, there is a steady annual decline of population in the downtown and older districts of the city. It must be assumed the trend is for people to move to the newer, generally the further-out districts. In this respect Edmonton is, on a smaller scale perhaps, repeating the experience of the really large cities.

In summary then, we may say that the metropolitan area is well advised to think in terms of housing another 100,000 persons in the near future - say in a 10 year period, and perhaps 200,000 in 15 years or so, and it is reasonable to assume, in view of the scarcity of good residential land in the city, that most of these persons will very likely settle outside the present boundaries, particularly on the south side of the river.

(d) Industrial land requirements.

Population growth will not of course, go on for long in any area unless

job opportunities expand to provide for the additional persons coming onto the labour market each year. These jobs will be found only if the economic base of the area continues to grow. Most of the thinking in Edmonton and Calgary has been turned towards the possibility of enlarging the economic base by the expansion of industry. Hence arises the need for industrial land.

Within the city itself there are only 1,332 acres of industrial reserve, of which 810 are on the north side, and 522 on the south. It is obvious that these amounts could not provide for industries with large land requirements, even if the sites were otherwise suitable, and all in one area, which is not the case. It follows that substantial industrial expansion of Edmonton is impossible without annexation of considerable acreage, suitably located. This consideration has weighed heavily with the Commission in extending the boundaries.

The zoning in the Outline General Plan moreover, recognizes that the largest industrial reserve is in the south-east - some 3,813 acres - mostly outside the city limits, although substantial reserves also exist in the north-east and north-west. No doubt, being flexible, the zoning of the Plan could be altered in time; but representing as it does the best professional and civic thinking on the metropolitan area, it is best at present to adjust boundaries to the economic development rather than the other way round.

As the Edmonton District Planning Commission put it: "In the main, industry is located on the periphery of the built-up area, along railway lines, and housing is located within the industry-formed circle. The present bias of urban development is towards the south-east, and east in the wake of the downstream, downwind location of petro-chemical industry".

It is most important of course, that all classes of industry should be satisfied: (a) the primary and petro-chemical type of plant, which requires large tracts of level land, close to the river for both waste disposal and water, downstream and downwind from the built-up area, close to rail lines and to the existing network of oil and gas pipelines; (b) those related industries, which may need to be close enough to the primary to obtain ~~easily~~ by-products and raw materials easily, sometimes by pipeline; and (c) industries such as machine shops, and all the other consumer goods industries, sometimes referred to as the "fillers", which arise to feed and clothe and service the families employed in the base industries.

The secondary and tertiary industries have less specialized locational re-

quirements and may be satisfactorily located wherever there is level land close to arterial roads and to railway lines, preferably within inter-switching limits, and within the range of economic servicing by all utilities. Many of these could no doubt locate inside the present city, and so could some of the "related" industries - those which do not require immediate proximity to primary plants, and which are non-noxious. But many, if not most of the "related" industries are likely to go to the east and south-east, adjacent to both railways and to the primary plants, where there is choice land for their purposes. That part closest to the river and furthest east, is suitable for primary industry from a location point-of-view, but most of it (908 acres) is undermined, subject to subsidence and hazardous for heavy structures. (Annual Report, Edmonton District Planning Commission, 1952-53, pp.10-12). It is for that reason large primary industries, i.e., industries concerned with the processing of raw materials only, are not excluded from the "B" or outer zone greenbelt. (See Chapter 5). "It is a recognition, as well, of the self-sufficiency of those industries with respect to sewer and water services, and of the centripetal pull of the established petro-chemical complex, of housing facilities and other amenities. If, however, the lure of cheap land, the main centrifugal force, pulls primary industry beyond the area of the general plan, or the immediate metropolitan area, that industry will be so far from the facilities of the city as to provide the basis for a self-contained, satellite community."

The Outline General Plan for the district does not take account of municipal boundaries, but quite properly zones the whole area as an integrated economic unit. And a good principle to adopt, in the metropolitan areas of Edmonton and Calgary, is: "what the economic base joins together let not municipal rivalries put asunder".

The alternative theoretical approach might be to encourage each separate municipality to achieve its own "balance" of industrial and residential landp-i.e., for Jasper Place, Beverly, Edmonton and Strathcona M.D. separately. This is much more difficult to do than to treat the whole area as a unit, because Jasper Place and Beverly are suitable only for some types of industry. In any case the question is purely academic, since already it is the area as a whole which is in balance, with industry mainly in east and south-east, much of it beyond the city, and residences in the city and the two towns. Again, there is some industry in the north-west sector, partly in Jasper Place, and partly outside, in the Stony Plain M.D., while the residential areas are inside the

city and Jasper Place.

In short, what has happened is that the trend of industrial development eastward has led to a cumulative "snowball" industrial location in that direction; and the same trend may be taking place in the north-west. But the private costs (in journey to work) have been thrown upon employees who reside anywhere within the metropolitan area, mostly in the city and two towns; and the public costs have been thrown mostly upon the municipal authorities where the employees reside, while the industrial assessment and revenue have accrued or will accrue to rural municipalities - Strathcona and, to a lesser degree, Stony Plain. Industry has brought many benefits to the whole area, but it has made the assessment base very unequal. The civic costs and revenues have been divided unequally, with the costs chiefly going to some authorities, and the revenues to others.

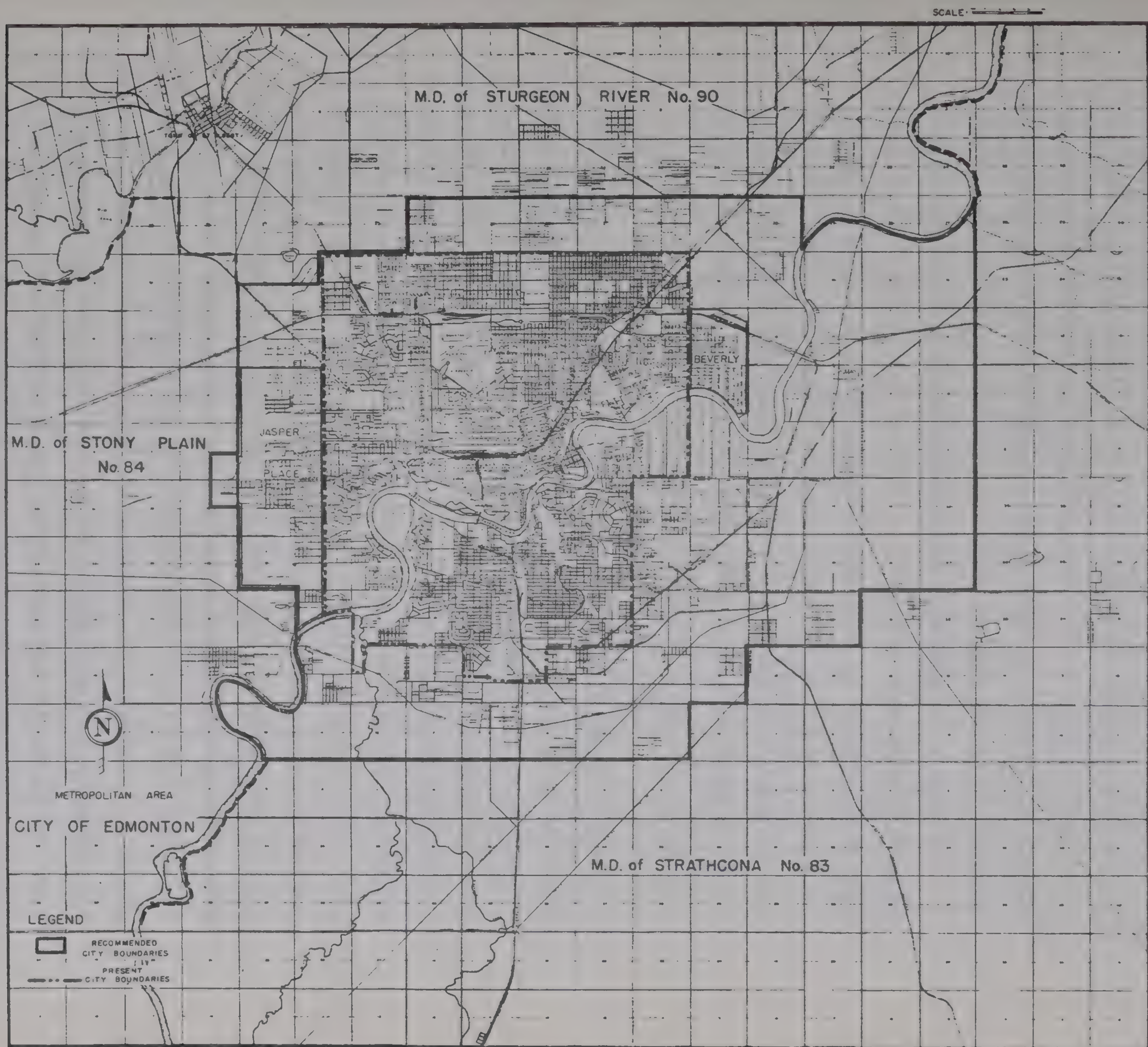
As a general principle this can only be regarded as grossly inequitable. Several remedies could be suggested; inter-municipal transfer payments, or the provincial taxation of industry and distribution of the proceeds, or the simple one recommended here - namely, to bring the whole industrial development adjoining the city under the same municipal umbrella. And further, to include enough land to allow for further urban growth over the next 15 years or so.

(e) The city on boundaries.

In the earlier part of the public hearings the city displayed a certain amount of hesitation in stating what it considered to be the best boundaries for the enlarged city. In the end, however, the city representatives did produce a tentative boundary, although in places it was not firm. On January 10th, 1955, the city council specified the territory which should be included in the boundaries of the enlarged city. (Exhibits 160 E and 74 E).

If the boundaries so specified were made effective the area of the city would be approximately 95.75 square miles as compared to the area of 43.97 square miles in the present city of Edmonton.

The city also made it clear at the same time that "it would be willing to accept responsibility for additional parcels lying outside the said extended limits, or exclude some parts now included therein, if it was established that urbanization in such parcels was not likely to occur for a considerable number of years."


SCALE
M.D. of STURGEON RIVER No. 90
M.D. of STONY PLAIN
No. 84
JASPER
PLACE
BEVERLY
N
METROPOLITAN AREA
CITY OF EDMONTON
M.D. of STRATHCONA No. 83
LEGEND
RECOMMENDED
CITY BOUNDARIES
PRESENT
CITY BOUNDARIES

The city wished also to recommend that a definite policy should be established whereby new areas adjacent to the city will be brought within the enlarged boundaries, as soon as it becomes clear that the trend of development has reached the point at which the area concerned is becoming predominantly urban in character.

In its final submission the city advocated that the area outside the city limits should be considered in three parts:

"(1) Sections which are now fully urbanized including relatively small undeveloped sections surrounded by or adjacent to urban development;

(2) Sections which are so located as to be highly favourable for urban growth in the very near future and which will therefore probably be fully urbanized within the next 10 to 15 years;

(3) Sections which may become urbanized but which may on the other hand continue their rural character for many years."

Parts (1) and (2) were recommended by the city for immediate annexation, while it was thought that part (3) should be controlled by a strong Regional Planning Authority. It was also suggested that "if any land seeks to receive urban service, the boundaries of the city should immediately be extended to include it, together with the intervening land." The purpose here is to discourage scattered urban sprawl outside the city limits, and is sound in principle. It does not however, solve some particular problems, particularly those of "leapfrogging", as we shall see later.

(f) Recommended boundaries of the enlarged Edmonton.

The Commission has had to take the city and other evidence into account, and has finally decided on the following boundaries, being guided wherever possible, by the principles enunciated earlier. (See Map attached.)

(i) The north boundary

Starting with Section 29 in which lies Griesbach Barracks, the whole section should be included. This is an urban area already connected with city sewer and water; but separated by small-holdings from the build-up further inside the city. The small-holding portion is, however, likely to be built up, now that sewer and water lines pass through it.

From the northern limit of Section 29 aforementioned, the boundary should run due east for five miles, and then due south for about a half-mile to the river. Sections numbered 28,27,26,25 and 30, all north of the present city,

will thus be included; together with Sections 24 and 19, and all the land between Beverly and the river. The population is at least 464 of whom 127 are school children. Much of the area appears suitable for low-cost housing, and water is already being supplied to portions of it outside the city limits.

The remainder of the north-east boundary to be formed by the river.

(ii) The east boundary.

The east boundary should begin at the river, at the north-east corner of Section 27-53-23-W.4th, and from that point continue due south on the section line for about 7 miles to the south-east corner of the Campbelltown project on Section 27-52-23-W.4th.

Several miles west of this line lies the larger part of the heavy industrial area of the municipal district of Strathcona. The industrial area is included for several reasons: first, the general principle that revenues should go with costs; second, to equalize the assessment in the metropolitan area; third, to provide the larger city with space for future industrial growth; and fourth, because an industrial area adjoining the city should properly be under urban jurisdiction.

The Campbelltown townsite is included because (a) the area is being rapidly built up and urbanized; (b) it is likely to require further city services, and already its water supply is planned to come from the city system. (c) it would be unjust to remove from Strathcona its industrial assessment and not at the same time take its present (and future) residential assessment which in itself, is (and will be) a net loss to municipal finances; the M.D. has intimated that if it loses the industry it does not wish to retain the dormitory area; (d) if permitted to build up on its own (i.e., under the municipal district) the project will grow into a large urban development which a rural municipal district is not equipped by law or practice to handle adequately; (e) if it grows, then sooner or later Campbelltown will advance from a hamlet status to become a city on its own. There will then be another city on the eastern limits of Edmonton.

It is absurd to have another city arise adjoining the existing city, and thus accumulate metropolitan problems like those in the Montreal or Toronto areas. On the other hand, if the hopes for Campbelltown do not materialize, the townsite will become a middle-class fringe community - a small dormitory for persons working anywhere within the metropolitan area.

Strict greenbelt zoning outside of Campbelltown to the east, will be necessary to prevent another Campbelltown at Bailey or some such place. Obviously the city boundary cannot go leap-frogging to Elk Island Park or Cooking Lake or elsewhere.

In itself, Campbelltown may be a good project, but from the point of view of orderly development and district planning its location is a metropolitan tragedy. It is also a testimonial to the failure of voluntary joint area planning. It is unthinkable to leave it outside the city; it is awkward, though the lesser of two evils, to bring it inside.

The projected outer ring road, marking the limits of intense urban development, passes through the annexed area, but since it has not yet been built, it can easily be re-routed outwards to include Campbelltown. Perhaps a new outer ring road might be built, leaving the present projected outer road as an inner or industrial ring road in that area.

(iii) <u>The south-east boundary.</u>

From the Campbelltown corner last mentioned, the line should continue due west on the highway to Salisbury corner, a distance of two miles; then south one mile, then west again for two miles, then south another mile, then west one mile, and south one mile ending at the south-east corner of Section 11-52-24-W.4th. Any complications which may arise in this area over the Salisbury school are dealt with further below. The industrial trend to the south-east is marked, and the proposed industrial ring road traverses the area. The boundary is zig-zagged, to mark the outer limits of probable urban land use.

(iv) <u>The south boundary.</u>

From the point last mentioned, the south boundary should be a line straight west to the river and the south-west boundary will then be formed by the North Saskatchewan River.

The siting of the new federal airport at Nisku south of the city may have a tendency to pull the utilities and hence the city southwards; and this strengthens the argument for extending the city boundaries to the south, south-east and south-west. We understand that already pressure is accumulating to develop land in the south, by reason of the airport location.

(v) The west boundary.

From the river the boundary should follow the boundary of the town of Jasper Place, until Highway 16 is reached, on each side of which one quarter section should be added, in order that the road junction and the tendency to build-up there may be under city planning control. On the other hand we do not recommend taking the boundary approximately 3 miles further west, as requested by the M.D. of Stony Plain.

It is not thought necessary to run the boundary down to the river from the west side of Jasper Place. The area in question, Sections 22 and 15-52-25-W.4th is occupied by a golf course and riding club and under District Planning Commission zoning is not scheduled for urban development.

The west boundary line should extend north, on the west limits of Jasper Place, for 1½ miles north of the northerly town limit, at which point it should turn east for 1½ miles until it reaches 149th Street which is the present west limits of the city. Thence it should follow the present city limits, i.e., ½ mile north, and then due east for 1½ miles, at which point it reaches the south-west corner of Section 30-53-24-W.4th. The section, which has a population of 91, should be included. It adjoins the Section on which Griesbach barracks is situated, and so our delineation of the boundary is complete. It will be seen that the industrial area around the rail junction just north of Jasper Place, including the Inland Cement Co. which is already served by city water and sewer, is added to the city. Being zoned industrial, considerable development, of a kind different from that in the petro-chemical area, may reasonably be expected.

It has not been thought advisable to annex any further land to the north-west. The area is for the most part low lying and wet, is at the very extremities of utility lines, and no residential or other development is planned there. However, the strictest maintenance of the greenbelt zoning of the District Planning Commission is required to prevent fringe and ribbon development on the way to St. Albert, more especially since it seems that St. Albert may have possibilities as a "satellite" town. As we have pointed out in Chapter 5, a satellite is a town with its own economic base, and not a dormitory suburb from which workers commute to jobs in the city.

(g) Comments of the boundary recommendations.

The suggested boundaries insure that all substantial industry adjoining

the city is taken within the enlarged city in accordance with the principles laid down earlier. But industry sometimes "leap frogs" into rural areas, so it is not possible always to chase and embrace it. If industry should wish to settle beyond the enlarged limits then it is our opinion that it ought to be strongly encouraged either to come within the city or go still further out into satellite towns. Here, heavy reliance must be placed upon firm district zoning and the regional planning recommendations made in Chapter 5.

Many subdivisions and commuters on small holdings east of the city, are also brought inside. It is only fair to do this, since it is taking some net loss from Strathcona and this will help to offset taking its net revenue from the industrial area. The boundaries are not drawn merely to give assessment to the city; but include burdensome areas as well as industrial assessment. Yet some small holdings and a few subdivisions further out - e.g., Bailey and Whitecroft - are excluded. These should constitute a relatively slight burden on the municipal district, and in any case the district has the power to prevent the burden growing heavier by refraining from permitting further subdivision of a quasi-urban nature.

The siting of the ring roads for the metropolitan area, as proposed by the Edmonton District Planning Commission will almost certainly be affected by the enlarged boundaries. It is possible to re-locate the ring road, say by shifting the outer ring further outwards, and thus preserving the original intention that the outer ring should enclose all the intense urban development; the inner or industrial ring road need not be disturbed thereby.

The new boundaries will also affect the Outline General Plan, particularly what is now the outer greenbelt. But these and kindred matters are best left to be settled by the appropriate planning authorities.

The following figures show the present and enlarged city area.

City of Edmonton

Present area of city	....	43.97	square miles
Recommended addition	....	68.05	" "
Total area of enlarged city	...	112.02	" "

It must not be forgotten that the added area includes the towns of Beverly and Jasper Place, considerable river and river valley, parkland around Whitemud Creek, Griesbach barracks, and other areas which offer little

or no room for urban development. Nevertheless, we believe that the gross inequities in the area will be redressed by bringing within the city poorer residential fringes and the industrial fringes. We have also been mindful to provide the city with sufficient land to take care of all reasonably expected growth in the next 15 years. To enlarge the area under one municipal authority, will do more than anything else to promote the orderly development and financing of the metropolitan area.

The following figures show that the density of population within the enlarged city will not be greatly out of line with that in earlier years, and if population should rise by 3% over the next 15 years the density will be higher than in 1947.

CITY OF EDMONTON

Area and estimated density

	1914	1947	1955	1955 (1)	1970 (2)	1970 (3)
Population	72,516	118,541	209,353	230,000	358,340	478,170
Gross area (in acres)	26,776.6	26,776.6	28,140	71,692	71,692	71,692
Persons per acre	3.69	4.43	7.44	3.21	5.00	6.68

Notes: (1) Present metropolitan population, and recommended enlarged area.
(2) Estimated at 3% compounded yearly, on the metropolitan population of 230,000.
(3) Estimated at 5% compounded annually, upon 230,000.

5. Effect of the enlarged boundaries on schools.

The question of the location of the Salisbury Rural High School was raised in the hearings. The school belongs to the Clover Bar School Division, and the section of land in which the site lies has been recommended for inclusion in the city. The title to the school and its site should however remain with the Clover Bar School Division, unless the Division should wish to make some other arrangement with the Edmonton Public School Board. There are precedents elsewhere in the province, for rural school divisions having title to schools in a city, for instance at Camrose and Red Deer.

The general principle, which should only be departed from in minor instances and for special reasons, is that municipal and school boundaries should be made coterminous. We expect, therefore, that in both cases the enlarged city will be governed by one city council, with one public school board and one separate school board, and have so recommended in Chapter 13. For the most part we have delineated the municipal boundaries and we assume that school district boundaries will be settled accordingly, by the Department of Education, following its customary procedures. (See Chapter 16.)

CHAPTER 15. MISCELLANEOUS PROBLEMS OF AMALGAMATION.

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OUTLINE OF CHAPTER CONTENTS

PART I

PUBLIC UTILITY OPERATORS

1. General principle applicable

2. Electric Utility companies

   (a) General comments with respect to Calgary Power Ltd. including permissive orders granted under The Public Utilities Act.

   (b) Calgary Power Ltd. in the Edmonton area.

   (c) Calgary Power Ltd. and its franchises in the towns of Jasper Place and Beverly.

   (d) Calgary Power Ltd. in the Calgary area.

3. Gas Utility Companies

   (a) Northwestern Utilities Ltd. in the Edmonton area.
   (b) Canadian Western Natural Gas Company Limited in the Calgary area.

4. Public Utilities (gas, water, electricity and sewage) in the Campbelltown area.

   (a) The proposed agreement between the Municipal District of Strathcona and Calgary Power Ltd. for power distribution.

   (b) The proposed agreement between the Municipal District of Strathcona and Calgary Power Ltd. for water distribution.

   (c) The proposed agreement between the Municipal District of Strathcona and A. L. Trowbridge and Associates Limited relative to gas, water, sewage, and electricity.

5. Telephone Services in the Edmonton area.

6. Telephone Services in the Calgary area.

7. Transit Services in the Edmonton area.

   (a) Edmonton Transit System

   (b) Diamond Bus Lines

   (c) Beverly Bus Lines Ltd.

8. Transit Services in the Calgary area.

   Forest Lawn

9. Water Services in Calgary and Edmonton areas.

PART II

10. Problems common in both areas.

(a) Hospital Districts and Health units

(b) Staff absorption

(c) The effect of amalgamation on city, town, and municipal district by-laws

(d) The effective date of amalgamation

CHAPTER 15. MISCELLANEOUS PROBLEMS OF AMALGAMATION.

PART ONE

UTILITY OPERATORS

The amalgamation of the respective areas of Edmonton and Calgary will affect public utility operators in those areas. Those affected are:

In the Edmonton Area:-

(a) Northwestern Utilities Ltd.

(b) Calgary Power Ltd.

(c) Alberta Government Telephones

(d) North Edmonton Farmers' Mutual Telephone Company

(e) South Edmonton Mutual Telephone Company

(f) Beverly Bus Lines Ltd.

(g) Diamond Bus Lines Ltd.

In the Calgary Area:-

(a) Canadian Western Natural Gas. Co. Ltd.

(b) Calgary Power Ltd.

(c) Forest Lawn Power and Light Company Ltd.

(d) Forest Lawn Transit.

1. General principles applicable

Before dealing in detail with those so affected the Commission deems it advisable to enunciate certain general principles which underlie a consideration of utility services, although these general principles must of necessity yield to specific facts and circumstances and above all must yield to the public interest.

It is almost axiomatic in utility practice that competing utilities should not be permitted to operate in any one area. There should be one supplier of specified utility services in any given area, thereby preventing capital and operational cost duplication. In Edmonton, the city has within its present boundaries a complete monopoly in furnishing electric, water, telephone and transit services and Northwestern Utilities Ltd. has - except as to gas for industrial services - a monopoly of gas distribution.

Calgary has exclusive rights in providing electric, water and transit services and Canadian Western Natural Gas. Co. Ltd. has what amounts in fact, if not in law, to an exclusive right to distribute natural gas in the city.

There is another general principle:-

The Commission is of the opinion that rates applicable to the various services should be uniform in any given area. Furthermore, classification of rates must be on a just and reasonable basis and the various classifications must be uniform through the area. Any other principle is bound to be productive of discontent and will give rise to charges of discrimination.

The Public Utilities Act provides in Section 141 A:

> "No order made under this part shall affect or abrogate any existing contract or any existing right of or held by, any company, for the production, transmission, delivery, or furnishing of water, gas,heat, light or power to or for inhabitants or businesses in the annexed or included territories as the case may be."

The Commission recognizes that this section deals with the applications made to the Public Utilities Board for the annexation to, or separation of lands from one municipality to another, but the principle laid down is nothing more than statutory recognition of the salutary theory of the sanctity of contract. Here emerges a principle which should not be departed from unless the parties to contracts or the holders of rights or privileges, are willing to have contractual rights or privileges abrogated, or who are willing to surrender them, or where public interest renders the principle inapplicable.

In this connection it should be pointed out that in its final submission the City of Edmonton said:

> "... the city suggests that in respect to electricity, transit and telephones serving residents in the areas sought to be brought within the enlarged city boundaries, the new council should be authorized to take over existing facilities if and when they can be efficiently operated in conjunction with those now operated by the city of Edmonton, subject to a provision for arbitration if no agreement can be reached with the owners as to the compensation to be paid".

At this point we see a definite exception to the principle that in general there should be only one supplier of utility services in a given area.

The phrase used by the city is "be authorized to take over" - with resort to arbitration. "expropriate" means "to dispossess" - "to take away". Is there any difference between "take over" or "to take away"? In solid fact, the city says give us the right to expropriate, when we are ready to do so, and if we wish to do so, Calgary Power, Alberta Government Telephones, and Transit services in the enlarged boundaries. The Commission is unable to understand the expression "take over" when used in conjunction with "when they can be efficiently operated in conjunction with those now operated by the city of Edmonton.

The right of expropriation is a right exercisable only by the Crown unless the Crown by appropriate enactment confers such a power on some person or corporation. When such power is conferred arbitration is generally provided for. Thus cities, towns and villages have statutory but limited powers of expropriation in the public interest. Gas companies, and oil pipe line companies, have been given power to expropriate lands or rights of way for their various corporate purposes. Any such power of expropriation is granted only because of the imperative need of "public interest" which of course is always paramount.

The Calgary proposal is not quite so drastic, but is somewhat indeterminate and must be dealt with when the Calgary area is considered.

In our concept of the rights of the Crown any recommendation that Edmonton should be authorized to "take over" telephone rights in Jasper Place is quite wrong. The Crown can expropriate from the subject but to give the subject the right to expropriate from the Crown would represent a definite encroachment on the rights of the Crown and introduces a new principle which is repugnant to the Commission.

The Commission is of the opinion that neither of the two cities should be given the wide open power of expropriation - subject to what will be said later with reference to certain utility companies.

The Commission now turns to a consideration of the various companies concerned.

2. Electric Utility Companies

Calgary Power Ltd

(a) Two-thirds of the electric load is furnished by and one-half of the consumers of electric power in this province are supplied by Calgary Power Ltd. either wholesale or through retail channels. The company holds exclusive franchises granted by many towns and villages, has secured permissive orders from the Board of Public Utility Commissioners in many defined areas, and furnishes power to many Rural Electrification Associations. These services, however, account for less than 20% of its power sales. Over 80% of the company's sales of energy are in bulk to towns, to cities and to industry, under individual contracts, Nearly one-half of that 80% is furnished to industries in the metropolitan areas of Calgary and Edmonton.

The company's property account, consisting of dams on the Bow River and its tributaries; a share in a gas-fired steam plant at Medicine Hat; miles of heavy transmission and distribution lines; costly substations and the like, stands in its books at approximately $75,000,000. In general, its capital structure is 48% mortgage bonds, held in large measure by insurance companies, 18% preferred stock, 17% in common stock and surplus, and about 17% in depreciation reserve. Any disruption in the Company's activities or a substantial loss in its volume of sales of electric energy could have far reaching effects on the whole economy of the province.

Reference might further be made to the position of Northwestern Utilities which has a statutory semi-exclusive franchise in the City of Edmonton - semi-exclusive in that industry in the city can purchase gas for manufacturing or power purposes from any gas company with which it wishes to do business. We then see that from the Public Utilities Act there emerges the principle that annexation - and in the matters under discussion - amalgamation does not and should not abrogate existing contracts. Similarly from the Edmonton Statute hereafter referred to in detail we see that industry is not tied to one source of gas supply.

Calgary Power and the City of Calgary have been granted permissive orders by the Board of Public Utility Commissioners giving them the right to distribute electric energy in certain specified areas. The Public Utilities Act in Sec. 82, Sub-section 3 provides:

> "No person shall supply electrical power within any municipal or improvement district to any person whomsoever without the approval of the Board, which approval shall not be given unless the Board is satisfied, having regard to the availability of any other source of power and to any other circumstances that such approval is to the general benefit of the area".

Any order made by the Board under this Section is known as a permissive order. Obviously this enactment has a two-fold purpose - (1) to prevent duplication of capital and operational costs; (2) to give the Public Utilities Board complete jurisdiction over public utilities in Municipal and improvement districts.

A permissive order does not confer exclusive rights except in the sense that duplication of facilities will not be permitted by the Public Utilities Board. Thus, if Company A had a permissive order authorizing general distribution of electric energy in a specified area then no other company would be

authorized to distribute power generally in that area. But, if Company A were asked to furnish a type of energy which it was not willing, or was unable to supply then a permissive order would readily be granted to another company willing and able to supply the required energy, but without power to infringe upon the generality of the order held by Company A.

(b) Calgary Power in the Edmonton area.

The company's main substation supplying northern Alberta is situate in the Municipal District of Strathcona. The company has under construction a steam generating plant at Wabamun, about 40 miles west of Edmonton; has built within its territory transmission and distribution facilities designed to provide for the present and future needs of all retail and industrial customers in the area (not served by Canadian Utilities) and to northern Alberta in areas not served by Northland Utilities Ltd. Capital costs of some $15,000,000 are involved in the northern area. Money was raised from the public by the issue of securities authorized by the Public Utilities Board to finance all of these facilities. The public furnished the necessary funds on the faith and implied assurance of existing Provincial legislation. That faith and assurance should not be impugned merely because of a change in boundaries. A substantial energy loss to the company resulting from amalgamation would involve a rise in the cost of service to other customers.

A utility company is, in Public Utilities practice, not only in Alberta but throughout the North American continent, entitled to a determined rate of return on its "used and useful" assets. Calgary Power, with much foresight, envisaged the industrialization which has in fact taken place in the province and laid its plans accordingly. In the Commission's opinion it would be unjust and inequitable to permit the City to expropriate Calgary Power's activities within the enlarged city.

Calgary Power secured from the Public Utilities Board a permissive order dated 2nd of July, 1947, authorizing the company to furnish electric power in Township, 51, 52 and 53 in ranges 22, 23, 24 and 25 West of the fourth meridian which embraces the industrial area in the Municipal District of Strathcona. Calgary Power holds other permissive orders granted by The Board of Public Utility Commissioners authorizing the sale and distribution of energy in areas surrounding the city on all sides. It includes the load in

Section 15-53-25-W.4th which is the fast-growing industrial area immediately north west of the present city boundaries. This latter section was included in an agreement made with the Municipal District of Stony Plain some years ago which still remains in effect by virtue of The Municipal District Act, 1954. Relying on the faith of these orders and the implied assurance of freedom from competition or expropriation, and subject to regulation by the Board of Public Utility Commissioners the company not only made heavy investments to supply industrial customers, but to furnish electric energy over a very wide area. It has thus acquired a vested interest in the metropolitan area of Edmonton.

It is true that the city of Edmonton has (under the old city charter) extended some rural service to a few coal mines, to rural associations and to individuals. A look at the map would indicate that these extensions are what might be called "pressure expedients". In any case the city could not possibly have serviced the industrial area. It might also be mentioned that while the city had power, under its charter, to extend electrical services beyond its boundaries it has never seen fit to apply for and secure a permissive order or orders from the Public Utilities Board covering the rural territories within which it operates. Thus Calgary Power Ltd. has a legally vested interest in the area; the city has merely its general charter authorization.

Calgary Power has submitted to the Commission its suggested recommendations:

1. In all areas covered by permissive orders of the Public Utilities Board, the Company's rights should continue, notwithstanding any changes in administrative boundaries, and be exclusive.

2. All operations of municipally owned electric utilities outside the limits of the municipality, as constituted in 1950, should be under the jurisdiction of the Public Utilities Board.

3. The location and construction of main transmission lines and other facilities of benefit to wide areas should be controlled at the Provincial level rather than by local planning boards.

4. A healthy climate for the establishment of industries should be maintained.

The city's position has been considered. In essence the city does not wish to disturb the status quo until such time as it is prepared to take over Calgary Power. It is implicit in the city submission that it should have a monopoly of furnishing electric energy within its corporate limits in addition to the power to extend its services beyond its corporate limits with or without the approval of the Public Utilities Board. The power of expropriation cannot be recommended. If the city and Calgary Power wish to negotiate, they are free to do so.

(c) Jasper Place, Beverly and adjacent areas.

A franchise agreement is in effect between Calgary Power and the Town of Jasper Place. This agreement will expire August 15th, 1957. A similar agreement is in effect between the Company and the town of Beverly, which will expire June, 20th, 1958. Both these agreements are subject to Section 343a of The Town and Village Act, 1952 which provides that upon expiry the town has the right to purchase all of the interest and property of the Company involved in the respective agreements. The rates in the two towns are slightly higher than in the city.

In the Commission's opinion the two franchise agreements should continue in full force and effect until their respective expiry dates, subject to the rate adjustment indicated below. The city should have all the rights, expressed or implied to take over upon the expiration of the two franchises in the same manner that each town could have done except for amalgamation. Both of these towns are good-sized urban centres; in keeping with the principle enunciated by the Commission in respect to equalization of rates wherever possible, Calgary Power should be ordered to reduce its rates in Jasper Place and Beverly to the rates prevailing in the city.

The company has entered into energy supply contracts with industries presently situate outside the city boundaries. The Commission has no specific evidence relating to these contracts but has no doubt that rates under those contracts are related to many factors including peak loads, load factor, the necessity for and the capacity of transformers and the like equipment. The Commission assumes that they have been entered into for fixed periods of time but are terminable also at fixed periods of time. Thus the Commission is of the opinion that if some power company, including the city could offer more attractive rates, Calgary Power must face that situation. It should however, not be compelled to do so and its right to continue to give service under existing contracts should not be disturbed under its existing permissive order. City classification of rates should be uniform throughout the enlarged city and it should not be permitted - merely to compete with Calgary Power - to discriminate between one area of the city and another. Calgary Power rates are subject to the jurisdiction of the Public Utilities Board and the rates fixed by that Board are merely maximum rates. Calgary Power can set rates at below

the maximum if it wishes to do so; but if it does it cannot say to the Public Utilities Board "we have not earned our rates of return and we want a rate hearing". A company under regulation cannot discriminate; all customers in the various classifications must pay uniform rates.

On the other hand, the city is not under the jurisdiction of the Public Utilities Board presumably because it is supposed to afford service at cost - and without discrimination as between the various classes of consumers. It is clear that city service is not given at cost. (See Chapter 6.)

The Commission is of the opinion that the City should not have the right to expropriate a competitive company, nor should it have power, by the imposition to unjust discriminatory rates to put a regulated competitor at a disadvantage. The situation which emerges from the proposed amalgamation is the most cogent argument for jurisdiction of municipally owned utilities being placed under the Public Utilities Board. Such jurisdiction has been conferred upon many Boards in the United States of America and still more has such jurisdiction been given to regulatory boards over municipally owned utilities operating and giving utility service beyond their corporate boundaries. The Commission is of the opinion that, outside of its corporate boundaries the power operations of the city should at all times be subject to the jurisdiction of the Public Utilities Board. The city however should have no right to invade the territory held by Calgary Power under the permissive orders or the Stony Plain franchise before referred to. Again in such matters the city and Calgary Power are free to negotiate as they wish.

The rule that gas rates in a given community should be equalized may be subject to proper exceptions. As already mentioned Calgary Power secured from The Public Utilities Board permissive orders authorizing the supply of electric energy in the metropolitan area. The company's principal load is industrial but it also has many domestic customers. They are dispersed over a substantial semi-urban semi-rural area and occur in clusters - as it were in hamlets - with some customers more or less isolated. In view of the substantial capital and operational costs required to service such an area it would be inequitable to order equalization of rates at the city level at all times. The towns of Jasper Place and Beverly are not in any way comparable with the area under discussion. It does however seem to the Commission that these domestic and

commercial rates should be reviewed at once and from time to time hereafter, as development proceeds, to bring those rates as close as may be - having regard to capital and operational costs - to similar city rates and so on from time to time until complete equalization becomes possible. Applications to the Public Utilities Board to this end are always possible.

The Commission therefore recommends:

(1) That the existing franchise agreements in effect between Calgary Power Limited and Jasper Place and Beverly, respectively, remain in full force and effect, and that upon expiry of each respective franchise the city have the right to purchase all of the interest and property of the Company involved in the respective agreements as provided by Section 343a of The Town and Village Act, 1952.

(2) That Calgary Power Limited be ordered to apply in Jasper Place and Beverly the rates imposed in the City of Edmonton.

(3) That the city be refused the right to expropriate the property and rights of Calgary Power Limited in any part of the enlarged boundaries where the Company operates under the provisions of its permissive orders or the Stony Plain franchise.

(4) That the rights conferred on Calgary Power Limited by the said permissive orders, including its rights on Section 15 above referred to under the Stony Plain franchise, be confirmed, and that such rights in the areas therein defined be exclusive except as to existing lines operated by the city.

(5) That the domestic and commercial rates of Calgary Power Limited in the areas referred to in the preceding paragraph be subject to progressive review from time to time as exigencies require, and be subject to the regulatory jurisdiction of the Public Utilities Board.

(6) That the operations of the city for the distribution of electric energy beyond its enlarged corporate boundaries be subject to the jurisdiction of the Public Utilities Board.

The purpose of this recommendation is to insure regulation of the distribution of energy beyond the enlarged city limits.

(7) That the Alberta Power Commission should have exclusive jurisdiction in the province to direct where and to what extent transmission lines should be located above or below ground.

The above immediate recommendation is made because of the important relationship between capital costs and the ultimate rates.

(d) Calgary Power in the Calgary area.

The situation here presents the same problem but in less acute form. The Consolidated Mining and Smelting Company Limited plant, situate south of the city boundaries, was built in the early years of the second world war. At the time of its construction neither the city of Calgary or Calgary Power had exclusive distribution rights in the then Municipal District where this plant is

situate, nor did either of them hold permissive orders from the Board of Public Utility Commissioners in the area.

It should be pointed out that the City of Calgary secures its power by wholesale from Calgary Power and retails that power to all consumers within the present area at a substantial profit.

The City of Calgary was not at that time geared to supply the Consolidated Mining and Smelting Plant while Calgary Power was, and so got the business. Indeed, the evidence is that, but for Calgary Power and its "basement" price for power the Nitrogen Plant, so-called, might have gone elsewhere. Thus, when Calgary Power began to service the Nitrogen Plant, that plant was in "no man's" territory, and Calgary Power was completely justified in entering into a contract with the Company.

In 1948, the city applied to the Public Utilities Board for and secured a permissive order applicable to the extra-territorial area which it then served. As has been pointed out before, such an order is not in fact exclusive. The Canadian Industries (1954) Limited plant is within the territorial limits prescribed by that order. Calgary Power, without securing a permissive order entered into a contract in 1950 to supply energy to Canadian Industries. The fact is that at that time the city did not have the facilities to serve this plant. Calgary Power excuses what it did, by saying that there was an oral understanding between it and the City, that it would not serve any customer that could be served more economically by the city, which means that Calgary Power could not, in general, enter the retail field outside the city limits. The Company says, however, that it did not intend to restrict in any way its right to service large industrial customers outside the city boundaries where this could be done more economically from the company's lines than from those of the city.

Subsequently, a new city power superintendent questioned the right of Calgary Power to negotiate a contract with Canadian Industries Ltd. Whatever the rights or wrongs of that oral agreement may be, or whether in fact such an agreement existed, this Commission is not concerned. In fact, the existence of such an agreement appears to have been observed by the city and Calgary Power until recent objection by the city. A permissive order, as has been pointed out ante is not legally exclusive. What we have to face is facts. The

Consolidated Mining and Smelting plant contract is not legally in question, and is indisputable. The Canadian Industries Ltd. plant contract is an accomplished fact - it is held by Calgary Power - as they say, following upon an oral understanding or agreement with the city. We must face the fact that the contracts between Consolidated Mining and Smelting, Canadian Industries Ltd., and the company are, and have been, in operative existence for many years, and without question by the city.

Another difficulty presents itself. Calgary Power sells electric energy to the city at wholesale rates under the provisions of an agreement dated December 12th, 1950. In that agreement "limits of the city" means the corporate municipal limits of the city as they exist at the date of this agreement and as the same are extended from time to time. By the terms of this contract Calgary Power agrees to supply to the city its entire requirements of electric energy for use by the city and its utilities and for the exclusive distribution by the city to its inhabitants and consumers, including firms and bodies corporate.

The agreement negatives any suggestion that any right, privilege or franchise is conferred on Calgary with regard to the distribution of electric energy within the limits of the city as now existing or as they may be extended from time to time. This is, of course, a negative provision and on the other hand, the city agrees that it will not grant to any person, firm or corporation the right to distribute power within the limits of the city.

The Commission must believe that when this contract was negotiated the parties had in mind an extension of the city boundaries piecemeal by annexation from time to time under orders of The Public Utilities Board and we are unable to envisage any intention on the part of Calgary Power to surrender to the city, or be deprived of its rights or its contracts with Consolidated Mining and Smelting or Canadian Industries Ltd. Perhaps what is important is not what the parties meant but what they said and how they acted. The situation now is, that, by reason of this power agreement, Calgary Power would have no right to supply Consolidated Mining and Smelting or Canadian Industries Ltd. when these two companies come within the city boundaries. It means in addition, that the contracts between Calgary Power and Consolidated Mining and Smelting and Canadian Industries Ltd. will be abrogated, and that these two companies

will be compelled to buy power from a source which is not subject to regulation and which means the ouster of a regulated source of energy. The Commission does not consider this situation to be equitable or conducive to industrial expansion.

On the other hand Calgary Power says "we had an oral agreement with the city under which we had the right to supply power to industry beyond the city limits".

Calgary considers that the problem should be solved by mutual co-operation; that while it has the exclusive right to distribute power within its present or future limits it does not wish to disturb present arrangements unless it becomes possible for it to supply power to these industries at competitive rates; that as to new industrial consumers the approach should be on a mutually co-operative basis; while wishing to serve all customers within its limits the possibility of rate disadvantage impels it to prefer that Calgary Power should be permitted to sell power to industry within its limits rather than force industry beyond its limits.

Calgary is to be commended for its submission in this respect, but since city councils can change and kindly sentiments can often disappear, the Commission feels that precise and definite recommendations should be made.

A further point was raised. The power contract provides for payment by the city to Calgary Power of three-quarters of one cent (0.75) per kilowatt hour and payment by the city to the company of a sum equivalent to the full amount of taxes (other than property or local improvement taxes on the company's general administration buildings within the city limits), levied specifically on the company or its property with respect to its business in or with the city. In effect, that means that the company does not pay taxes, as such, on its property other than real estate. That is in fact part of the consideration for the rate of 3/4¢ per K.W.H. for energy sold, which no doubt otherwise would be somewhat higher.

The City(June 1955) says that this provision does not apply to the taxation of transmission lines within the city, which it says in effect, do not come within the provisions of the power agreement.

The Commission feels that those words "levied by the city specifically on the company or its property with respect to its business in or with the city"

are susceptible of a much wider interpretation than that which Calgary ascribes to them. That problem, however, a legal one, is not within the jurisdiction of this Commission and must be left to adjudication by the proper forum - the courts.

The Commission has already expressed its approval of Calgary's voiced "spirit of co-operation" and it is suggested that co-operation be extended to cognate problems in the interests of extended industrialization.

The Commission recommends:

(a) That notwithstanding the terms of the Power contract between Calgary Power and the city, the contracts between Calgary Power Limited and Consolidated Mining and Smelting Company Limited and Canadian Industries (1954) Ltd. respectively be not abrogated.

(b) That the operations of the city for the distribution of electric energy beyond its enlarged boundaries be subject to the jurisdiction of the Public Utilities Board.

<u>Forest Lawn Power and Light Company Ltd.</u>

The Commission has been advised that Calgary and the Forest Lawn Power and Light Company have entered into an agreement whereby the city has "taken over" the Power company.

3. GAS UTILITY COMPANIES

(a) The Edmonton area.

Northwestern Utilities Ltd. - On November 16th, 1915 the city of Edmonton finally passed a by-law which previously had been approved by the burgesses, granting a special franchise to Northern Alberta Natural Gas Development Company Ltd. for the distribution of natural gas within the city. The agreement was attached to and formed a part of the by-law. The franchise period was twenty years, with a right on the part of the city to expropriate at the end of the twenty year period, and at five year intervals thereafter, with an automatic extension if the city did not exercise its rights. No such rights have been exercised.

This agreement was validated by Chapter 29 of the Statutes of Alberta, 1916, so that the agreement and the by-law have statutory force.

In 1933 Northern Alberta Natural Gas Development Company Limited assigned to Northwestern Utilities Ltd. all its interest in the franchise agreement and Chapter 29 of 1916 was amended accordingly. The agreement has been extended from time to time and all the extension agreements have been validated by appropriate legislation. The agreement remains in force until 1965.

In general the agreement follows the usual form of such franchises but there are two provisions which are rather unusual. Section 14 provides in part

> "...the franchise and all the rights, powers, privileges and liberties hereby granted shall be exclusive for the supplying of natural gas for domestic and heating purposes for a period of twenty years...but shall not be exclusive for the supplying of natural gas for manufacturing or power purposes",

and again in Section 14 -

> "the franchise hereby granted shall not be exclusive as against manufactured gas or as against natural gas for manufacturing or power purposes".

This provision is quoted because another supplier of gas, Ajax Petroleums Ltd., delivers that commodity under a firm contract to Canadian Chemical Company, now situate in Strathcona, which company utilizes it for heating and for the generation of electric energy - that is power purposes. Under the amalgamation recommendations the Canadian Chemical Plant will be within the city boundaries and at once there could be a conflict between Northwestern's exclusive right to supply gas for heating and its non-exclusive right to supply gas for "manufacturing or power purposes". The Commission proposes to resolve this problem by a recommendation as will appear later.

The second unusual feature in the franchise agreement is to be found in Section 18, which reads in part as follows:

> "In consideration of the exclusive privileges granted hereunder to the Company, the Company agrees to pay to the City from year to year and so long as this franchise remains exclusive five percentum of the gross receipts of the Company from the sale of natural gas within the city for all purposes".

The effect of this provision on other areas will be discussed later but the Commission is impelled to point out that (what the city calls a "franchise tax") no such tax is to be found in any other franchise agreement in this province.

The Commission now turns to the Edmonton Metropolitan area in relation to this franchise agreement.

The gas company secures its supply from Viking, approximately 90 miles south-east of Edmonton, transmitted through three high pressure mains with a fourth under construction; from the Leduc oil field through two high pressure lines; from Legal and other points north and east of Edmonton, again with high pressure transmission lines. Its reserves in all fields can supply Edmonton and intermediate points from the sources of supply to Edmonton for many years. It necessarily follows that the company has an enormous investment in gas wells, transmission lines, regulator stations, distribution lines, service lines, house and commercial regulators, motive and other equipment, stock inventory, land and buildings. By reason of its variable summer and winter load the company is compelled to provide facilities to furnish peak loads which would not be required but for our severe winter weather. At the moment the company supplies gas to industries located in the Municipal District of Strathcona, excepting the Canadian Chemical Plant east of Edmonton and the Sherritt Gordon Plant at Fort Saskatchewan.

The rates chargeable in Edmonton by the company have been fixed by the Public Utilities Board, but at the same time some of the main line high factor rates to the industries are the same as in Edmonton proper. The company has approximately 260 customers in the Municipal District of Strathcona as presently constituted, of which seven are large industries, twenty commercial and industrial, thirteen smaller industrial and the balance domestic. In the Municipal District of Sturgeon there are 57 customers including the Griesbach army barracks counted as one customer, 17 in the Municipal District of Morinville and 9 in Stony Plain.

The company holds a twenty-year franchise for gas distribution from the town of Jasper Place dated 24th of July, 1950 so that it still has to run until the 24th of July, 1970. The rates in Jasper Place are the same as those in Edmonton, so that no difficulty arises so far as rates are concerned. In Jasper Place, however, the company discharges taxes by paying to the town in lieu of taxes, 5% of its gross revenue. Putting it another way, its plant, distribution lines and the like are not subject to assessment and taxation within the meaning of The Assessment Act.

The company also holds a twenty-year gas franchise dated May 16th, 1950 from the town of Beverly and pays taxes on the basis of 5% of the gross revenue, just as in Jasper Place. The rates are slightly higher than in Edmonton or Jasper Place. Elsewhere north of the river and beyond the present city limits the rates are higher than in the City. Rates in Strathcona are similar to city rates but without the so-called franchise tax of 5% of gross revenue.

The situation in Edmonton is vastly different as to taxation. The original franchise agreement, which as already mentioned is still in force, obligates the company to pay the city a so-called franchise tax amounting to 5% of gross revenue in addition to normal taxes on its plant and equipment and real estate, imposed under the assessment provisions of The City Act. This imposition, this so-called franchise tax, must not be confused with the 5% gross revenue paid to Jasper Place and Beverly. In the two latter cases the 5% is paid in lieu but not in addition to ordinary municipal taxes. In Edmonton the company pays normal taxes on its whole plant and pays in addition the so-called franchise tax - double taxation.

Should amalgamation take place as recommended by this Commission, the gas sales revenue received by the company from Jasper Place, Beverly, the industrial areas in the Municipal District of Strathcona, or other municipalities and the residents of other present extra-territorial areas will become subject to this 5% franchise tax. This matter is dealt with in Chapter 9.

The company says that the imposition of the 5% tax in the amalgamated areas and diminution of revenue because of equalization of rates hereafter recommended will result in an estimated loss of at least $125,000 per annum.

The company - apart from Edmonton - holds franchise agreements with Jasper Place and Beverly; individual contracts with industries in the Municipal District of Strathcona, with domestic and commercial consumers in Strathcona and other municipalities. This Commission cannot possibly adjudicate on the relativity of all the various rates, but is definitely of the opinion that the respective consumers in the various areas should not suffer because of amalgamation.

The inclusion of gas consumers beyond the present boundaries introduces the principle of double taxation which now exists within the city as presently constituted and this feature when combined with equalization of rates as recommended by the Commission, would have the effect of raising rates in the new area. The Commission thinks this to be undesirable. The Commission will recommend that the so-called 5% franchise tax at present found in the Edmonton franchise be abolished. This recommendation would prevent an increase in gas rates and indeed might justify a rate reduction when all the factors have been carefully examined. This tax is in fact an indirect tax. The gas company passes it on to the consumers and it is they who pay it - the gas company being merely a tax collector for the city.

<u>The Commission recommends:</u>

(1) That Section 18 of The Edmonton Gas Franchise (validated by Statutes of Alberta, 1916, Chapter 29, as renewed), be struck out, thereby abolishing the 5% franchise tax.

(2) That the existing gas franchises between Northwestern Utilities Limited and Jasper Place and Beverly, respectively, be cancelled, and the two areas formerly covered by the said franchises be consolidated in the Edmonton franchise, as amended in accordance with the preceding paragraph.

The net effect of these two recommendations is that although the 5% franchise tax would be abolished, the city would continue to levy the plant tax on the Company on its property within the present city limits, and also on the property of the Company in the areas at present within Jasper Place and Beverly. In Chapter 9 the Commission has dealt with The Electric Power Taxation Act and The Pipe Line Taxation Act. For reasons that are more particularly discussed in that chapter the Commission has recommended that no tax should be levied on the property of the Company beyond the present boundaries of the city and the two towns under these two Acts.

(3) That gas rates throughout the enlarged city should be made uniform in the rate schedules of the Company, applicable within the city except in cases where special contracts exist.

(4) That the present agreement between Chanadian Chemicals Limited and Ajax Petroleums Limited in respect to the supply of natural gas be not abrogated in any way whatsoever.

(b) The Calgary Area

Canadian Western Natural Gas Company Ltd. This Company distributes natural gas in the city of Calgary for domestic, commercial and industrial uses under the authority of a city by-law passed pursuant to the provisions of the Water, Gas, Electric and Telephone Companies Act dated Sept. 27th, 1939. The company's rights under the by-law are not exclusive in law but are in fact, because all things being equal another gas company would not be permitted to operate in the city.

The company is assessed on its property within the city under the assessment provisions of the City Act; there is no 5% franchise tax such as is imposed in Edmonton. The company holds a twenty year exclusive franchise in the town of Bowness dated the 12th of October, 1949 and pays only normal plant taxes. On the 21st of August, 1950, Forest Lawn granted to the company a twenty year exclusive franchise and receives only normal plant taxes.

As at January, 1955, the company has 40,013 domestic customers in Calgary, Montgomery and Bowness, all of them enjoying the same rate - namely

2 M.C.F. or less per month - $2.50
All additional M.C.F. per month - 26¢ M.C.F.

In other areas which would be involved in amalgamation there are 866 customers, of whom 692 are in Forest Lawn. In all these areas all rates are:-

First 2 M.C.F. or less - $2.50 per month
All additional M.C.F. per month - 40¢ per M.C.F.

Amalgamation of all these areas involves a differential of 14¢ per M.C.F. on all gas sold in these areas beyond the minimum of 2 M.C.F., resulting in an estimated diminution of company revenue of $45,000 per annum.

The evidence indicates that amalgamation will affect taxation in the enlarged area since all pipe lines in that area would be subject to the incidence of city taxation which amount, when ascertained, would increase operation costs. This matter is more fully dealt with in Chapter 9 where the Commission's recommendation is designed to take care of this feature.

Again it seems to the Commission that since population in the fringe towns and fringe areas has been steadily increasing, and since sparsely settled areas are being built up, capital and operation costs are more widely distributed, unit costs (other things being equal) must be going down.

The Commission recommends:

(1) That the existing franchises between Canadian Western Natural Gas Company Ltd. and the towns of Bowness and Forest Lawn respectively, be cancelled, and the two areas formerly covered by the franchise agreements be subject to the by-law passed by Calgary under the provisions of the Water, Gas, Electric and Telephone Companies Act.

(2) That gas rates throughout the enlarged city should be made uniform with existing rate schedules of the company applicable within the city except in cases where special contracts are in force.

General.

Northwestern Utilities and Canadian Western gas companies just discussed have one common problem. It arises out of the (a) relocation of gas lines arising from expansion, the building and regrading of roads and streets, calling for the lowering or even the elevation of lines, to meet the exigencies of many different circumstances; (b) relocation of regulator stations, which it seems are or can be noisy; (c) undesirability of high pressure lines in densely settled areas. The problem arising is "who should pay the cost of the various relocations which may be required"?

That problem involves the interpretation of The City Act, The Municipal District Act, 1954, the provisions of permits granted by the Department of Public Works under the Pipe Line Act, and perhaps other unknown factors. It seems clear that if the city pays relocation costs in the first instance, these costs might be reflected in the mill rate and on the other hand, if the company pays these costs, the rates to consumers could be affected - upwards.

This purely legal question cannot be resolved by this Commission. Gas rates are under the jurisdiction of the Public Utilities Board but this Commission must remark that rate cases are quite expensive in terms of money, but are still more expensive in lost time of all the many officials who must take part in them. A spirit of co-operation should prevail, compromise on a reasonable basis should be a guiding principle, and only in the last resort should the compulsive jurisdiction of the Public Utilities Board be invoked.

4. Public Utilities in the Campbelltown Area.

Since the foregoing was written a new situation has arisen. The Campbelltown development has been referred to in considerable detail. The Commission was advised late in December, 1955 that the following contracts were in contemplation.

(a) A franchise agreement (under the provisions of The Municipal District Act) whereby Strathcona gave first reading to a by-law on the 12th of

December 1955 conferring on Calgary Power an exclusive franchise to supply electric energy to the Campbelltown area comprising three and three-quarter sections of land for a period of ten years. The agreement annexed to and forming part of the by-law is in usual form and sets out the rates to be charged to the consumers in the various classifications and for street lighting. The rates do not appear to be out of line when compared with similar rates in similar communities beyond which the Commission is unable to express any firm opinion.

The proposed agreement is made subject to the provisions of The Municipal District Act 1954 whereby Strathcona may at the end of the franchise period and subject to the approval of the Public Utilities Board, purchase all the rights of Calgary Power at a price - failing agreement between the contracting parties - to be fixed by the Public Utilities Board. The agreement refers to a schedule whereby the operators or owners of the townsite grant to Calgary Power easements or rights of way for the erection of its distribution system within the townsite - so-called.

(b) A franchise agreement (under the provisions of The Municipal District Act) whereby Strathcona gave first reading to a by-law on the 12th of December, 1955 conferring on Calgary Power an exclusive franchise to sell and dispose of water to the Campbelltown area comprising three and three-quarter sections of land for a period of ten years, subject to the rates therein contained and subject to the right of Strathcona to purchase the undertaking when the franchise period expires as mentioned in the case of the electric franchise.

This franchise is somewhat unusual since it calls for a "supply system" and a "water distribution system".

It would seem that a "supply system" means the mechanical system which will bring water to the distribution system all at the cost of Calgary Power, while the distribution system which conveys water to consumers within the townsite is to be constructed and installed by A.L. Trowbridge and Associates Limited, hereafter referred to.

Calgary Power agrees to purchase water from Strathcona and Strathcona agrees to use its best endeavours to secure a supply of water from Edmonton, but Strathcona must first supply its present consumers in the industrial area. The point of delivery by Strathcona to Calgary Power is the reservoir in Section 30, Township 52, Range 23, West of the Fourth Meridian. Thus Calgary Power must provide the facilities for transporting water from the reservoir

to the Campbelltown townsite. Provision is made for the rates to be charged by the Municipality to the company and for the rates to be charged by the company to its customers.

Then follows the somewhat indefinite provision that if the supply of water to the municipality is curtailed or limited by the city of Edmonton so that the municipality cannot supply the requirements of the franchise agreement, then the municipality will co-operate with the company (Calgary Power) to the best of its ability to obtain the alternate source of water supply. All of these contingencies are "hedged" by suggested increases in the rates to be paid by consumers.

Appended to this franchise agreement is a proposed agreement between Calgary Power and A.L. Trowbridge and Associates Limited, whereby Calgary Power agrees to operate Trowbridge's sewage system in Campbelltown. Under this proposed agreement, Trowbridge is to construct "an adequate sewerage system according to plans and specifications approved by the municipality (which by the way, is not a party to the agreement) and the Provincial Sanitary Engineer, as provided by the Public Health Act of the Province of Alberta".... Calgary Power agrees to operate this proposed sewage system for Trowbridge at rates set out in the proposed agreement.

(c) Agreement between Strathcona and A.L. Trowbridge and Associates Limited dated the 12th of December 1955.

Trowbridge agrees at its own expense to construct a storm water collection and disposal system; a sanitary sewage system; to arrange with Calgary Power for a water supply and storage system and an electric light and power distribution system; and with Northwestern Utilities for a natural gas distribution system. It is further provided that Strathcona will grant the required franchises to the respective companies for the services specified. The agreement refers to "Campbelltown Sewer Services Ltd." regarding which the Commission has no information. The Commission at this late date, and without specific information, cannot enter into speculation as to the meaning and intent of this reference to Campbelltown Services Ltd. What is of great importance is that Strathcona is given an irrevocable option to purchase the "outfall lines and sewage treatment system" being installed or to be installed by Campbelltown Sewer Services Limited (which again is not a party to the agreement.)

The Commission has no detailed information regarding the gas franchise to be granted to Northwestern Utilities Ltd. and so must assume that it is in usual form and for a period of twenty years, (subject to ratification by the Legislature), and since Northwestern Utilities is the only gas supplier in the area the Commission is not too much concerned, especially since rates are subject to the jurisdiction of the Public Utilities Board. The Campbelltown area is not at the time of writing a part of Edmonton proper, and it may be that a differential in rates is warranted . That problem must be resolved by an application to the Public Utilities Board.

Adhering to its principle of "no abrogation" of contracts, the Commission can only recommend that these contracts be carried out. It is quite obvious that if the Commission's recommendations are implemented by legislation, adjustments must follow - especially with regard to water - the source of which is the city of Edmonton. Adjustments may become imperative and it is hoped that the various parties can resolve all of the difficulties which arise in a spirit of goodwill and conciliation, failing which matters in issue between the parties should be referred to the Public Utilities Board.

5. Telephone Services - Edmonton Area

In the area recommended for amalgamation there are four telephone systems in operation, namely:-

(a) The City of Edmonton System
(b) Alberta Government Telephones
(c) North Edmonton Farmers' Mutual Telephone Company
(d) South Edmonton Mutual Telephone Company

The city has a monopoly of telephone service within its present corporate boundaries.

Alberta Government Telephones affords service in Jasper Place where it recently constructed its own building, housing its exchange. The system has 1,435 domestic and 288 business subscribers, and extends beyond the corporate limits of the town.

No formal submission was made by the Alberta Department of Telephones to the Commission, but it was indicated that it desired to retain and continue its operations and jurisdiction in the town of Jasper Place, and beyond.

North Edmonton Farmers' Mutual Telephone Company did not appear at the public hearings but was asked to furnish information. It had 510 domestic and 100 commercial subscribers on its system. It would appear that this company formerly serviced Jasper Place and Beverly but in 1954 removed the bulk

of its phones from Jasper Place and now has only a few left in out-lying areas, leaving Jasper Place under the jurisdiction of the Alberta Government Telephones.

In 1955 it removed most of its telephones from Beverly with only a few left in fringe areas not served by the City system. It would seem that the City system now serves Beverly almost wholly. It must not be thought that there has been any compulsory ouster of this company by the city or Alberta Government Telephones from Beverly or Jasper Place. The Mutual recognized that its type of rural service with party lines was not acceptable in concentrated residential areas, and as a result it is withdrawing in favour of those who can give the type of service which such areas desire.

In 1955 the company removed 60 telephones from Jasper Place, Beverly and areas around Edmonton which have become densely populated. The company says that extended boundaries will not affect it seriously, for in fact, (after withdrawing from Jasper Place and Beverly) it has the greatest number of subscribers in their 19 years of operation.

The South Edmonton Mutual did not appear before the Commission, nor did it furnish information, although requested to do so. It must, therefore, be assumed that its operations are of a purely rural nature, and that as areas become urbanized the type of service they can afford will not be acceptable and that it, of necessity, must yield to other systems.

The main issue is between Alberta Government Telephones and the City system. As already mentioned the Commission has before it only the negative position taken by Alberta Government Telephones, which may be summarized briefly "we don't want to lose business".

Again the suggestion made by the city has been quoted and in effect, if not in express terms, means expropriation of the Alberta Government Telephone system in Jasper Place by the city. Thus the city says when a day comes that telephone services can be efficiently operated, the city be authorized to take them over. That is, of course, the right of expropriation and at once the question emerges, "who is to determine when the day comes".

The Commission is unable to make such a recommendation. It is quite obvious that the rurals are withdrawing from the telephone field in the areas recommended to be annexed on the simple ground that they are not in a position to afford an urbanized type of service.

As between Alberta Government Telephones and the City system the Commission is of the opinion that the status quo must be maintained. If these two competing systems can reach some agreement they are, of course, at liberty to do so.

As presently advised, but in the absence of concrete evidence, the telephone rates in Jasper Place are the same as the rates in Calgary, which appear to be somewhat higher than similar rates charged by the City system. The differential is not very great but the Commission adheres to its laid down principle that all utility rates in the enlarged city should be equalized. Rates charged by Alberta Government Telephones are under the jurisdiction of the Public Utilities Board, while the city is free from regulation.

The problem can only be solved by time - with perhaps some co-operation by the two parties. The only recommendation which the Commission can make is that the city and Alberta Government Telephones should earnestly strive to arrive at equalization of telephone rates in the enlarged city area.

6. Telephone Services - Calgary Area

Alberta Government Telephones have a complete monopoly in the Calgary metropolitan area so that no problem arises and no recommendation is called for.

7. Transit Services in the Edmonton area.

(a) Edmonton maintains a transit system throughout the city consisting of electrically propelled trolley buses and fuel burning buses. The single fare is ten cents or eleven tickets for a dollar.

(b) Diamond Bus Lines began operating bus lines in areas adjacent to Edmonton about ten years ago. In April, 1953, Diamond Bus Lines Ltd. was incorporated and carried on the operations of its predecessor. In fact, the incorporator of the company purchased the business for $60,000, being $27,204.89 for operating assets and $32,795.11 for goodwill. Whether the vendor's books disclosed a state of business which warranted such an apparently generous price for goodwill is not known. It is more probable, however, that the sale was on a bargaining basis and for a lump sum, and the segregation of tangible assets and goodwill was set up by the purchaser.

The company operates buses from Jasper Place to downtown Edmonton; contract services to Jasper Place schools, and scheduled services to the industrial plants on Highway 16 in the Municipal District of Strathcona.

It would seem that the service to the industrial area was not economically justifiable, for the Municipal District is now subsidizing the company by paying 50¢ per operating mile, less the amount of fares paid by passengers. This subsidization is authorized by an amendment to The Municipal District Act, 1954.

The company asks the Commission to recommend that if the city's boundaries are extended the Commission should recommend "That it should be a condition of the extension that the city purchase the company's assets at a fair market price and also compensate the company for the loss of its business operations."

The question of rates is important; in Jasper Place the rates are cash - 20¢, 3 tickets for 40¢ and 8 tickets for $1.00. In the Strathcona area the rates are 10¢ each way plus, but of course, the amount of the subsidy before referred to, affords additional revenue to the company.

The company operates under a certificate (erroneously called a franchise) from the Highway Traffic Board, which certificate runs from year to year, but is renewed almost automatically if efficient service is given.

(c) Beverly Bus Lines Ltd. and its predecessors have operated a transit system between Edmonton and Beverly for about 20 years. The cash fare is said to be 20¢, three tickets for 40¢ or eight for $1.00.

Beverly Bus Lines submitted that the cessation of its operations should be on the following basis:

(1) "The Metropolitan Authority should be entitled to give notice to the private operator to cease to operate within the Metropolitan Area within a limited time;

(2) Within the time above limited the Metropolitan Authority and the private operator should be entitled to try to make an agreement for the purchase by the Metropolitan Authority of the assets and undertaking of the private operator, and failing an agreement, such assets and undertaking should vest in the Metropolitan Authority on termination of the time limit;

(3) If no agreement can be concluded between the Metropolitan Authority and the private operator, the Metropolitan Authority should be required to pay compensation for the assets and undertaking of the private operator, based upon the value to the owner of the assets and undertaking concerned, and in case of dispute or disagreement, the amount of compensation to be settled by arbitration".

As has already been pointed out, the city's attitude is that "the new city council should be authorized to take over existing facilities if and when ...."

This is inconsistent with the Commission's principle that utility rates - in this case fares - should be uniform throughout the enlarged city.

The Commission recommends

(a) that on the date when amalgamation becomes effective, the city take

over the operations of these two companies.

(b) that fares be equalized in the enlarged city.

Any transitional period presents difficulties, and these difficulties must be resolved in a spirit of goodwill and toleration. The two companies are willing to be taken over by the city and in the Commission's opinion there should be no waiting period. The taking over date should be the date when amalgamation takes effect. In case the parties are unable to agree on the price to be paid for the taking over, then the price should be determined by arbitration under The Arbitration Act.

8. Transit Services in the Calgary area.

Forest Lawn - The only transit service in the area (not owned by the city) is the W. H. Ratcliffe operation between the city and Forest Lawn. He did not appear at the hearings.

The Forest Lawn Brief states that the bus service was started "on a shoe string", the first bus being only a seven-passenger car. The present operator has two regular buses of twenty-four carrying capacity. Fares are 25¢ return from Forest Lawn to 9th Avenue East in Calgary, whence to reach down town Calgary there is a 10¢ return fare or 45¢ in all.

The Commission recommends

(a) fares must be equalized

(b) the city should be authorized and ordered to take over the "Forest Lawn Bus Service" on the date that amalgamation is effective.

If the price cannot be settled by agreement then it should be fixed by arbitration under the provisions of The Arbitration Act.

Again the Commission urges the city and the transit company to approach the problem in a spirit of conciliation and goodwill.

9. Water services in Edmonton and Calgary areas.

In the Edmonton area the city sells water to Jasper Place, Beverly and the M.D. of Strathcona under the terms of negotiated contracts. Edmonton under contract disposes of the sewage from Jasper Place.

Should amalgamation take place the water and sewage systems of Jasper Place and Beverly and the present water system in Strathcona will become parts of the city systems. Here again, in the public interest and in the interest

of uniformity, rates in the amalgamated areas should be equalized at the city level.

Forest Lawn has commenced the installation of water and sewer services which will be taken over by the city of Calgary. The evidence is that the town "proposes to carry out the sewer and water schemes within the town - for piped water supply and a reservoir". Again the Commission recommends that water rates be equalized at the city level.

PART II
Problems common in both areas.
10. Hospital districts and health units.

(a) In the Edmonton area no hospital districts are involved and there is no evidence that any health units may be affected, to any material degree.

In Calgary as now constituted, there are no hospital districts of which Calgary forms a part. There is, however, in the suburban and rural areas adjacent to the city, the Calgary Rural Municipal Hospital District No. 63, comprising a very substantial area of 2,302,508 acres with a total assessed value of $41,269,129 and a population of 27,297. At the time of the hearing of the Brief, October 1954, there was included all or parts of seven municipal districts, part of two Improvement Districts, two towns and nine villages. The district does not operate its own hospital. Hospitalization of ratepayers is provided by means of agreements with Calgary General Hospital, Holy Cross Hospital and with the following hospitals or hospital districts; Bassano, Didsbury, Drumheller, High River, Three Hills, and Turner Valley. Bowness and Forest Lawn operate their own hospital schemes under The Hospitals Act utilizing Calgary Hospital facilities.

The proposed amalgamation will deprive the Calgary Hospital District of some of its territory but in the Commission's opinion, this does not pose any serious problem.

The district has no debenture debt. Its revenue is derived from requisitions on contibuting units, government grants, and the sale of non-ratepayer contracts. Any change in existing boundaries in the district would call for a revision of the distribution of services and the sources of revenue. It does appear, however, that since a very small portion of the district's revenue comes from what may be called the urban section, the Commission feels that it can only make one recommendation.

The whole problem is one of adjustment between the district and those

hospitals with which it has contracts. No great matter of principle is involved - hospital boundaries are being changed throughout the province from time to time as exigencies demand and adjustment of assets and liabilities between districts involved is provided for by existing legislation.

The Commission recommends:

(a) that non-ratepayer contracts issued by Calgary Hospital District No. 63 remain in force until they expire.

(b) that Calgary Hospital District continue to be responsible for the hospitalization of such non-ratepayers for the duration of their contracts.

This recommendation is consonant with the theory that annexation or amalgamation should not abrogate contracts.

(c) that non-ratepayers who have secured hospital contracts from Calgary Hospital District No. 63, and who become non-ratepayers in the enlarged city, must be permitted, when their current contracts with the Hospital District expire, to purchase hospital contracts from the city without being compelled to suffer the usual two months waiting period.

In the Edmonton area there are no hospital districts affected. Hospitalization contracts are sold by Municipal Districts to non-ratepayers. In this case the same recommendations should apply as are enumerated above namely:

(a) non-ratepayer contracts issued by Municipal Districts remain in force until they expire.

(b) the respective Municipal Districts continue to be responsible for the Hospitalization of such non-ratepayers for the duration of their contracts.

(c) that non-ratepayers who have secured contracts from Municipal Districts and who become non-ratepayers in the enlarged city of Edmonton, must be permitted, when their current contracts with the respective Municipal Districts expire, to purchase hospital contracts from the City of Edmonton without being compelled to suffer the usual two months waiting period.

(b) Staff absorption

Any amalgamation such as is proposed here must of necessity cause some staff disruption. This problem is neither new nor novel. In this province we have seen the relatively small municipal district grow into large municipal districts, school districts into school divisions and we have seen the development of the county form of government. Time and progress do not stand still and while individuals may suffer as a result, these unfortunate repercussions should be minimised to the greatest extent possible.

What employees may be affected as a result of the changes in the boundaries of Edmonton and Calgary? First, we have civic officials in Jasper Place, Beverly, Bowness and Forest Lawn. Then follows policemen, firemen, and other service employees, and there may be others.

The Commission recommends:

That all employees in the areas to be amalgamated should, if they so desire, and subject always to their respective qualifications and abilities, be entitled to a prior right of employment in the enlarged cities in the respective departments in which they were formerly employed. Without any attempt to limit the general principle above enunciated, secretaries, treasurers, policemen, firemen and teachers, and other civic employees should be entitled to a right of prior employment in the respective departments of the enlarged cities such as they enjoyed in their respective communities.

In case any employee cannot qualify for a position in the enlarged city similar to that presently occupied by him, he should have priority for such position for which he can qualify. Seniority and pension rights should be preserved to the fullest extent possible.

(c) Continuation of By-laws - Special provision will have to be made for the purpose of continuing in effect certain of the by-laws of the fringe towns and annexed areas until such time as the city council can bring into effect new by-laws or amend existing ones to meet the new circumstances. This will particularly apply to by-laws relating to land uses and the use and erection of buildings, and certain by-laws falling within other categories. It is inevitable that the drafting of these changes will involve considerable study and time in the two areas. Provision for the continuance of existing laws in such cases will prevent unnecessary interruption of business.

(d) Effective date of Amalgamation. The whole situation in the two metropolitan areas has been very fluid for a considerable period of time. Conditions are changing from day to day and it seems clear that this situation will continue in the future.

This Commission feels that it is not in a position to recommend a specific date on which amalgamation should become effective. It is recommended, however, that appropriate legislation be enacted at an early date.

CHAPTER 16. FINANCIAL PROBLEMS OF AMALGAMATION.

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Outline of Chapter contents

1. Costs arising from inclusion of urban fringes.

2. The Edmonton area.
   (a) Extra costs of amalgamation and annexation.

   (b) Approximate equality of revenues and expenditures.

3. The Calgary area.

   (a) Net costs of amalgamation with Bowness, Montgomery and Forest Lawn - net deficit.

   (b) Annexation of other territory - in balance.

4. Timing of services extension.

5. "Capital adjustment grants" for amalgamation.

6. Continuation of school grants to fringes.

7. Municipal assets and liabilities.

8. School assets and debts.

9. Advantages and disadvantages of amalgamation (to fringe residents).

10. Conclusions.

CHAPTER 16. FINANCIAL PROBLEMS OF AMALGAMATION

On the basis of the boundaries recommended in Chapter 14, it is now possible to examine briefly the financial and other implications of amalgamation. Since certain problems are common to both areas it seems best to discuss these first, noting where necessary those problems which are peculiar to each of the two metropolitan areas.

1. COSTS ARISING FROM THE INCLUSION OF URBAN FRINGES

The costs arising from the inclusion of urban fringes in the city are two-fold. The first of these is the annual operating cost to the enlarged city. The reason for the additional costs may be put in a nutshell, namely, the "fringe communities" will add to the annual costs of the enlarged city more than to its annual revenues. These fringe communities are: Jasper Place and Beverly in the Edmonton area; Bowness, Montgomery and Forest Lawn in the Calgary area.

City expenditures per capita, are much higher than those in the fringe communities, but it is reasonable to assume that the enlarged city will, in due course, provide schools and the many civic services of approximate city standards in those communities. The expenditures per capita on behalf of the fringe communities will be raised.

On the other hand, no extra revenue will be available, by reason of amalgamation alone, since the evidence also shows that the per capita revenue in the fringe communities is much lower than in the cities, at roughly the same level of taxation. If anything, the level of property taxation is lower in the city, so that, other things being equal, the city would derive less revenue from property taxation (the mill rate) in the fringes than the local councils at present derive.

Further, the fact that the fringe communities are largely dormitory suburbs, with comparatively low assessment per capita, no substantial utility revenues or business tax yield; and that incomes and housing values are lower, would all lead us to expect that the fringe communities will be a net revenue loss to the city. All of this is merely a longer way of saying that the fringes are poorer, on the average, than their cities, and hence their amalgamation with the city will be a net loss to the city.

The second set of costs which will arise are the capital costs. Considerable capital funds will be required to extend utilities - sewer and water lines - as well as for roads, sidewalks, street lighting, fire protection, etc., and to bring these utilities and services (in due time) up to average city standards. The

question arises in connection with these capital costs: Where will the enlarged cities obtain the money? If the funds are borrowed, they will of course also add to the cities' annual operating costs.

2. THE EDMONTON AREA

(a) Extra costs of amalgamation and annexation

The estimates put in evidence by Edmonton show that approximately $750,000 a year would be the net extra cost (extra cost less extra revenue at city mill rate) to the city government if Jasper Place and Beverly alone are amalgamated with the city - a cost that is due to extending the many services of city standards to these towns. The estimate included both types of cost mentioned above: (a) extending the city level of current expenditure in ordinary services such as police, welfare, recreation and schools; and (b) the amortised costs - over 20 years - of capital expenditures on streets, sidewalks, sewers, etc., to bring the towns up to the standard of "comparable areas" within the present city limits. The calculation assumed that half of the streets and sidewalk improvements would be chargeable against property owners as local improvements. Moreover, Jasper Place and Beverly school boards receive unusually large provincial grants, and unless these were continued, further extra tax costs would be incurred for schools.

On the basis of 1954 figures for assessment and expenditures, the result would be additional taxes of about four mills in order to provide to the residents of Beverly and Jasper Place a standard approximately equal to that now in effect in the city. This extra tax burden would be somewhat lower if arrangements were made so that the enlarged school boards continued to receive the additional school grants now paid to Jasper Place and Beverly because of their low assessment per classroom. (It is assumed later in this Chapter that these grants are continued, on a declining scale for 5 years, as part of an "adjustment operating grant" system.)

Besides the two towns, the industrial area of Strathcona Municipal District would also involve expenditures - and the Edmonton estimate was that some $300,000 would be a reasonable figure for the cost, in 1954, of servicing the area. In short, a total of $1,050,000 was estimated to be the extra revenue required from outside Edmonton, Beverly and Jasper Place, if the 1954 mill rate was to be retained.

The "industrial area" mentioned above, is not precisely the area

recommended for annexation in Chapter 14, and with the rapid growth of population in Strathcona, especially in Campbelltown, the city estimate of cost is almost certainly too low. On the other hand with Campbelltown developing so rapidly, any estimate is bound to be very rough and ready, and out of date almost before it is made. The extra annual operating cost of servicing the two towns and the territory recommended for amalgamation and annexation might very easily run to $1,250,000, or even more. (It would, of course, be reduced, to the city, if an "adjustment capital grant" is given, as suggested below.)

(b) Approximate equality of revenues and expenditures

In addition to the amalgamation of fringe towns it was recommended in Chapter 14 that certain territory around the city be annexed, to give the city room for planned and balanced expansion in the next 15 years or so. The larger, though not the only, part of such territory is that at present within the M.D. of Strathcona.

Unlike the fringe towns, and certain other territory recommended for annexation, the Strathcona area includes much industrial assessment. The taxation return from this assessment must be offset against the estimated cost. Several estimates were put in evidence to show that the increased revenue from this assessment at specified mill rates and assessment levels, would roughly equal the increased costs to the enlarged city. The end result of this was a projected budget for the enlarged city, of revenue at $20.511 million and expenditures of $20.459 million. That is, there was an approximate equality of overall revenues and expenditures for the enlarged city. (The budget figures were re-arranged differently from those given in Chapter 6 and so comparisons cannot easily be made.)

The city estimates must of course be adjusted for area adjustment, and for changes which have taken place since 1954 in debt figures, population, and several other factors; and changes in the pattern of city expenditures in the future. To take only one example: the tax reduction subsidy for schools which has helped municipal financing so much in 1955. City expenditures have not decreased, however, but have increased in 1955, accompanied by a lower mill rate; but the industrial assessment outside has also increased, so that presumably the approximate equality of total revenues and total expenditures would still hold, but at a lower mill rate level, and at a higher level of revenues and expenditures.

If this is ture, and it seems to the Commission that it might well be true, then the proposed enlarged area will be approximately "self-supporting". To put it more accurately, the enlarged city would be as "self-supporting" as the present city, and its dependence on provincial grants would be about the same.

The city's more detailed estimates for the enlarged city were as follows - all based on 1954 figures. Taking the industrial assessment outside, at city levels, to be $20 million, then a mill rate of 50 mills would yield approximately enough to cover the city's extra costs.

The city's estimate (Ex. 171 E) was based on the following assumptions:

(1) That the population in the areas is approximately as follows:

	Total Population	School Population
Edmonton	197,836	30,037
Jasper Place	13,307	2,800
Beverly	3,548	818
North & East of Beverly	588	158
West & North of Jasper Place	117	24
South and East of City	1,845	406
Griesbach Barracks	1,000	220
Total ...	218,141	34,463

(2) That the Department of National Defence will continue to pay all school costs for residents of Griesbach Barracks, and that the cost of operation of schools for the balance of the area will be equal to the average operating cost per child, of the two city school boards in 1953 plus $120,000 per year toward the cost of servicing the following debt items:

Jasper Place Public ...	$ 664,000
Beverly	300,000
Jasper Place Separate..	300,000
One Half of Clover Bar.	216,000
2 New 4-room Schools ..	240,000
Total ...	$1,720,000

(3) That the sum of $220,000 per year would be made available (by the city) to pay financing charges for extra engineering works in the added areas of Jasper Place and Beverly.

(4) That the sum of $50,000 per year would be made available (by the city) to pay financing charges on the following debt items which would be assumed:

	Total	Self-Supporting
Jasper Place ...	$1,112,000	$593,000
Beverly	533,000	288,000
Strathcona	79,000	79,000

(5) That general municipal services in the area would be paid for at a standard equal to that provided in the City of Edmonton 1954 budget.

(6) That the assessment of the areas outside the present city limits would be $26,000,000 for property tax and $1,500,000 for business tax.

(7) That the mill rate would be 53 and the business tax rate 10%.

(8) That payments under the Municipal Assistance Grants Act would be $7.55 per capita.

(9) That the yield from the utility revenue tax and utility profits would each increase by 5%.

It should be noted that if any one of these assumptions is not realized the result would be a change in the overall calculation.

The general conclusion from both the preliminary and the revised estimates may be put thus: the city would neither gain nor lose by the amalgamation and annexation, the extra revenue from one area taken in will roughly balance the cost from the other areas. This is inherently reasonable, even though it may be subject to modification in detail, and would mean that the area as a whole is in "balance" as between industrial and residential assessment, at the present level of expenditures and provincial aid.

The estimates set forth above were made before the city's budget for 1955 was drawn up. The 1955 figures would need to be modified, for instance to take care of the changes wrought by the new Tax Reduction Subsidy for schools. The school mill rate has been reduced, and the full mill rate likewise, and now stands at 48 instead of 53. Assuming that no other changes have occurred that would upset the estimate, then the main conclusion still stands, (so the city later argued) namely, the enlarged area proposed by the city would be "self-supporting" - with the difference that it would be at a 48 mill rate instead of a 53 mill rate.

A caution should be borne in mind, however. The recommendations of this Commission in Chapter 14 envisage a larger area than that proposed by the city - chiefly because of the rapid development of Campbelltown. Moreover, other residential development is taking place outside the city limits, on a scale not anticipated in 1954. For these and other reasons the estimates of expenditures are certainly too low. Revenue is also put at too low a figure - because a larger area has been recommended for inclusion. It is our opinion - without going into the minute details needed to show its support - that the city estimate has been somewhat on the conservative side, and that the enlarged city of Edmonton will not in fact be "self-supporting", but that there will be a deficit on current account by reason of annexation and amalgamation; but it will not be large - certainly not as large as in Calgary, and probably not beyond the capacity of the city to bear from its own resources, without any considerable rise in taxation in the enlarged city.

In the public hearings, the city representatives stated that Edmonton

favoured amalgamation with the fringe towns, providing it meant no "undue" rise in city taxation. It was argued that the annexation of the industrial area just outside the city would probably balance off in revenue, against the net current deficit brought with them by the fringe towns. During the course of the hearings an "undue" rise in taxation was defined at roughly 3 mills, although city spokesmen did not wish to commit themselves to a definite figure. In our judgment 3 mills, (which on present city assessment would yield $696,000) should amply take care of the net extra operating costs. It may be less, particularly in view of the recommendations made below.

Assuming however that a small mill-rate rise does occur, it is not an unreasonable price to pay for the many long run advantages of amalgamation. Furthermore, the city clearly has a responsibility for its fringe towns, which have absorbed part of the rapid growth in recent years and so have taken a load off the city. Had the city's boundaries been extended years before, and had all the metropolitan population been within the city, the civic costs would then have been borne wholly by Edmonton. Amalgamation with the fringe towns will thus bring a belated redress of an inequitable situation, and the same is true, *mutatis mutandis*, by adding the industrial area to the city.

3. THE CALGARY AREA

(a) Net costs of amalgamation with Bowness, Montgomery and Forest Lawn.

Estimates were put into evidence by Calgary showing both the capital and current costs of extending city services to Bowness, Montgomery and Forest Lawn over a period of 5 years. The figures are summarized below, and include:

(i) The amortization costs of capital required to finance all major utilities and services,

(ii) The annual maintenance and operating expenditures to cover present city services such as parks, health, sanitation, welfare services, etc.,

(iii) The cost of education on the basis of city standards; less

(iv) The present 1954 revenues of Bowness, Forest Lawn and Montgomery.

TABLE SHOWING ESTIMATED COST (1954) OF AMALGAMATING BOWNESS, FOREST LAWN AND MONTGOMERY WITH THE CITY OF CALGARY.

Engineering estimate, of capital needed for streets, paving sidewalks, sanitary and storm sewers, water, garbage collection, street cleaning, traffic operations, protection and inspection services $7,988,000

Annual cost, amortized over 20 years, interest rate 3%	$ 542,200	
Annual maintenance cost of above services	377,800	$920,000
Education - capital and maintenance charges, annual	517,200	
Additional services to be provided at city standards	395,100	912,000
Existing costs of municipality, not covered in above services		29,000
		1,861,300
Less:		
Estimated revenue	278,000	
Estimated school grants	168,000	446,000
		1,415,300
Total capital recoverable by local improvement levies ....$2,844,000.		
Annual amount recoverable, for 20 years, interest included at 3%		191,000
Total annual cost		$1,224,300

The sum of $1,224,300 represents a charge of 6.5 mills, based on the 1954 assessment; and 5.5 mills on the 1955 assessment.

The total was allocated to the three fringe communities as follows:

Bowness	$ 544,400
Forest Lawn	322,900
Montgomery	357,000
Total	$1,224,300

A number of adjustments would be needed to bring these figures up to date, to take accountof the Forest Lawn sewer and water scheme, the population changes, school buildings erected during the past year, and so forth. The figures can only be used to give a rough indication of the extra annual costs involved. The distance of Bowness from Calgary, by requiring long utility lines, helps to make capital expenditures high in the area.

The city was willing to amalgamate with these fringe communities, and these in turn were in general, anxious to come within the city limits. But the above figures show, however roughly, that the financial difficulty is by no means small. Consequently, in the early hearings, the city representatives

expressed themselves as being at a loss to know how amalgamation could be financed, without special provincial assistance. Indeed they went so far as to state, "From a financial point of view, amalgamation of these areas is impossible under present conditions".

In short, the city favoured amalgamation providing it was not called upon to bear extra taxation. This attitude does not go quite far enough however. It does not fully recognize the long run advantages of amalgamation to the metropolitan area as a whole, nor does it admit the fact that the city has responsibility for its fringe communities.

(b) <u>Annexation of other territory in Calgary area -</u> in balance.

The other areas recommended for annexation to Calgary do not present a large capital servicing cost problem since they are sparsely populated. It is assumed therefore that the extension of services to these areas may be left to city policy, and there is no need for a special recommendation. They will rank in this respect exactly on the same footing as other quasi-rural areas of imminent or potential development now within the city limits, and utility services will be extended to them as they are developed.

From a financial standpoint these other areas are not likely to create a net deficit. The Glenmore area is self-supporting at present, and its inclusion with the city will probably add to city revenue slightly more than it adds to city costs, (and thus ease the city's position). Outside of Glenmore, the inclusion of certain other industrial assessment will go a long way to offset the net costs of taking in small holdings in other parts of the annexed territory. There may perhaps be a slight net gain, since the civic costs of industrial plant employees is already borne by the city, and annexation will add revenue which now goes elsewhere.

When the two metropolitan areas are compared however, it is plain that Calgary is likely to incur a far greater net cost than Edmonton, since Calgary will not gain anything like as much industrial assessment to offset the dormitory fringes. The industrial growth in the Calgary area has taken place within the city already, and not largely outside as in Edmonton.

4. <u>TIMING OF SERVICES EXTENSION</u>

From Chapters 3 and 4 the uneven quality and range of civic services within

each metropolitan area is clearly evident. If amalgamation is to command public support for long in the erstwhile fringe communities, and disillusion is to be avoided, then a start must be made immediately with the process of raising services to city standards. Equally obvious is the fact that the city cannot, at one stroke, raise the fringes to city standards.

We recommend that the city should bring the utilities and services, which require large capital outlay, in the fringe towns up to city standards within a period of 5 years. These services are sewer, water, streets, sidewalks, street lighting, transit and the like. In the meantime, the programmes already under way - such as the sewer and water schemes of Forest Lawn, Beverly and Jasper Place, should proceed under city auspices at least as quickly as planned by these towns at present. Town representatives appearing before the Commission were emphatic on the latter point: they did not wish their sewer and water programmes to be delayed, merely by the fact of amalgamation. Other city services such as police protection, fire protection, libraries, welfare, recreation, garbage collection and hospitalization, will, we assume, be made available immediately upon amalgamation.

The extension of utilities in the rural and small holding areas of annexed land is best left to city policy, with extension to keep pace with urban growth; although it should be borne in mind that compact development is more economical than a process of "leap-frog" development.

5. "CAPITAL ADJUSTMENT" GRANTS FOR AMALGAMATION

The Commission has given consideration to the question whether special capital assistance should be given to both cities - to help them in the early transition years of amalgamation. The history of city annexation in this country and many others is one of cities hesitating to annex urbanized areas because of the additional costs to city taxpayers. In the case of Toronto, for instance, the Ontario Municipal Board found that the normal expansion of Toronto by annexation, was severly limited by city reluctance to annex ahead of need, and that annexations of urban areas was later turned down by successive city councils because of the costs involved. For 20 years the doctrine of "no annexation without compensating advantages" was adhered to. (Cumming Report, p. 13.)

The moral to be drawn from this is that a city should not be deterred from

annexing adjacent urbanized areas merely because of the initial cost. The earlier they are annexed the better. The longer such fringe communities are left outside, the higher the eventual costs of amalgamation become, and the more barriers to future amalgamations are created. Often amalgamation becomes impossible and many metropolitan areas throughout the world are plagued with complex, expensive, and often inefficient machinery of government because the simpler and better solution of early amalgamation was not adopted by the central city because of initial cost.

The capital costs of amalgamation are substantial, especially in Calgary, and the cities are already under great strain to provide for the rapid development taking place within their present borders.

Provincial governments are, broadly speaking, responsible for those functions of government which do not belong to the Dominion. They are thus ultimately responsible for their creatures, the municipalities. The financial responsibility is well-recognized in the many grants for school and municipal services, and in other ways. Again, the debts of the two cities are growing at such a rapid rate that a further sudden increase in their magnitude, by reason of amalgamation, can scarcely be contemplated with equanimity. Finally, the province has had full responsibility (except for schools) for the hamlet of Montgomery in the Calgary area, in that it has been administered as part of a local Improvement District by the Department of Municipal Affairs. For these and other reasons, it must be admitted that the province too has some responsibility for bringing about amalgamation - the best long run solution for the problems of government, financing, planning and development of the metropolitan areas.

The question of provincial-municipal financial relations in its entirety is beyond the Commission's terms of reference. Nevertheless in the hearings the question was touched upon a number of times, and certain points of view advocated. The Calgary evidence contains numerous expressions of the opinion that the province should pay a higher proportion of the costs of certain services, especially education, welfare, health and roads; the final statement of Edmonton supported the same view and endorsed the proposals of the Union of Alberta Municipalities in January, 1955, (The "Hardy Report").

It is the impact of oil and other economic expansion upon finances in the province which, generally speaking, establishes a case for special aid to Edmonton and Calgary. The city boom and population growth, partly

generated by oil, has meant greatly increased revenues for the province, and a strain upon local finances in the two metropolitan areas. Much of the increased provincial revenues has of course already been shared with the municipalities through Municipal Assistance and other grants, and in 1955 through the large tax reduction subsidies for schools. Yet undoubtedly Edmonton and Calgary have a claim for further special treatment since they have borne a large part of the civic cost of the post-war boom. For that reason, in Chapters 6 and 7 recommendations were made to "weight" some of the grants in order to take account of the factors in which Calgary and Edmonton have special interest, viz., size and rapid growth.

Moreover the growth is continuing, and the costs thereby generated show little or no sign of abating. Taking each metropolitan area as a whole, the following figures on growth of "housing stock" remind us strikingly of what may be in store:-

HOUSING STOCK 1951-1955

	Number of units 1951	Estimate 1955	Annual rate of Increase 1951-1955	Number of years required to double at this rate
Calgary Metro.	40,235	50,671	5.77%	12.0
Edmonton Metro.	46,395	59,614	6.27%	11.0

SOURCE: Bank of Commerce figures, Oct. 1955, based on 1951 census and C.M.H.C. estimates.

No other metropolitan areas in the country are adding to their housing stock at such a rapid rate, or would double the number of housing units in such a short number of years. The implications of this growth-rate, in terms of city capital financing are staggering. Could anything else better justify the need for outside assistance with the capital financing programme?

And with a similar rate going on since 1947-48, part of the "overflow" has gone outside the city limits. The fringe communities have thus accumulated a "backlog" of deferred capital expenditures, which in the interests of equity for the whole metropolitan area, ought to be made good. It can hardly be made good, without provincial assistance in the capital financing. It would be going too far however to suggest that the province should pay the entire capital costs of amalgamation.

For the reasons given above and because of the need of the fringe communities for normal urban services, it is recommended that "capital adjustment grants" for amalgamation be provided, over a five year period, to ease the financial burdens of the cities during the time when they are extending utilities

and services, requiring capital outlay, to the fringe communities.

The services which should be assisted are the sewer and water systems to the urban fringes, since these are the chief needs, and usually the most costly. Normally the capital cost of such systems is borne partly by the general debt of the city and partly by local improvement levies. We recommend that the amount of the "capital adjustment" grant be equal to 50% of the general city share of the capital costs of extending sewer and water systems to the fringe communities. The capital requirements cannot be known until firm engineering estimates are available.

In the case of the general debt already accumulated by some of the fringe towns for their sewer and water systems, we recommend that these should also be assumed 50% by the province. The enlarged city will of course take over the remainder.

Similarly, we recommend that "capital adjustment grants" should be made to the city school boards for the unusual costs of school construction owing to amalgamation with the city.

As for the capital funds which the cities will need to borrow as their share of the capital costs of amalgamation we recommend that the city and the province give them the very highest priority for loans under the Municipal Capital Expenditures Loans Act, or under any other provincial lending arrangements which may be made.

6. CONTINUATION OF SCHOOL GRANTS TO FRINGES

At present the fringe communities receive unusually large provincial grants for their schools, because of their low assessment per room. It is recommended that these, and any other special grants which the fringe communities now receive, be continued after amalgamation, on a steadily declining basis, for 5 years; after which the fringe communities be treated in all respects as integral parts of their respective cities.

It is assumed that, from the date of amalgamation, the cities would count the fringe residents into their population for purposes of receiving all other grants to which they are entitled on a population or other basis, e.g., Municipal Assistance, hospitals, school tax reduction subsidy, and so forth.

When one school district annexes another, the factors which affect the financial position are:

(a) the obligations incurred (operating costs)
(b) the tax paying capacity of property acquired (assessment)
(c) buildings and property acquired (assets)
(d) debenture and other indebtedness acquired (liabilities)

If the amounts brought in by each new pupil under (b), (c) and (d) are

the same as those prevailing in the receiving district, there is no financial problem. If the amounts are not the same, the difference is the measure of the financial problem.

Except for Glenmore and Clover Bar, the new pupils added by amalgamation will bring in much lower assessments per pupil than the city, and lower assets per pupil.

Moreover, to take in fringe school districts will probably increase the demand for local high schools. It was said in Calgary:

"Arrangements presently in force for the education in Calgary of secondary school pupils from the fringe districts are economical, even though somewhat inconvenient for the pupils served. High School pupils from these areas travel by bus to schools where there is accommodation. Annexation will immediately bring a demand for secondary school service closer to the areas served, irrespective of the fact that some accommodation may be available in schools in the central part of the city."

Further, school costs will rise by reason of the application of city schedules to teachers' salaries, and the introduction of city standards in fringe schools (shop and home economics in junior high schools, etc.).

These considerations form the basis of the recommendation above, for their continuation on a diminishing scale for 5 years, of the special aid now received by fringe schools under equalization grants.

7. MUNICIPAL ASSETS AND LIABILITIES

The question of adjusting debts and assets arises. The principle followed by the Ontario Municipal Board with respect to Metropolitan Toronto, was that the

"assets should be taken over and operated for the benefit of the entire area without adjustment except for the assumption of outstanding indebtedness. In the board's opinion, the true nature of these assets is often misunderstood. Although they have been built and financed by the various individual municipalities and their local boards, they are not in a legal sense the property of the residents or ratepayers for the time being resident within the municipality where the assets are located. They are, in every sense of the word, public property and are held in trust for the use and benefit of the present and future residents of the area within the jurisdiction of the local authority. But that area has no fixed and predetermined limits and it may be indefinitely enlarged or included with other areas for the purposes of local government at the will of the legislature. The municipal government is, after all, a government and not a commercial corporation which can wind up its affairs, sell its assets and distribute the proceeds among its shareholders. For this reason it seems to the board that so long as the residents of the particular area are not deprived of the beneficial use of the assets built or maintained for them by their local government, the management and operation of the asset by a new type of local government which will be, in effect, a new trustee, deprives them of no rights whatever, and entitles them to no individual or collective compensation.

Many of the most valuable assets to be transferred, such as the water works plants and the valuable undertaking of the Toronto Transportation Commission, have been paid for by the consumers and not by taxpayers, and a considerable portion of the revenue earned has been provided by the residents of the suburbs. While other assets have been built entirely out of taxation,

size and capacity has in nearly every case been limited to the needs of the residents of the limited area providing the tax revenue. It is true that some of the municipalities, more particularly the city, have undertaken costly street extensions, widening and improvements which are used by the residents of the city and suburbs alike, but such streets are public highways and no municipality can legally prohibit their free use by the travelling public or proceed on the theory that they are the exclusive property of the taxpayers within the particular municipality providing them.

For these reasons the board is of the opinion that the assets to be transferred to the Metropolitan Council under the foregoing proposals should be taken over without adjustment but subject only to the assumption and payment of outstanding capital indebtedness incurred by any local municipality for their construction, extension or improvement".

It is the opinion of the Commission that this decision describes the proper course to follow in the metropolitan areas of Edmonton and Calgary, upon full amalgamation, of the fringe communities with their cities. In other words, we recommend that the new city assume all the debts and take over all the assets of the fringe towns and Montgomery (L.I.D. No. 46). In the case of lands annexed from the municipal districts, (other than Strathcona) we recommend that they be treated as though they were the subject of an annexation order by the Board of Public Utility Commissioners.

The case of Strathcona M.D. is rather different because of the scale of the annexation recommended. So far as its debt is concerned we recommend that the city take over the net capital debt and assets attributable to the waterworks system. Although only a part of Strathcona is recommended for annexation, the debt has been incurred entirely for water facilities in the annexed area. Furthermore, we recommend that Strathcona receive repayment for net capital sums expended out of revenue on waterworks in the area.

In Chapter 11 it was estimated that if the area proposed by the city for annexation were detached, Strathcona M.D. would be left with an assessment of approximately $11,300,000, based on 1955 figures. In Chapter 14 the Commission has however recommended a larger area. If this larger area is annexed to the city, it is estimated the total assessment then remaining with Strathcona would approximate $10,800,000. Assuming the population in the smaller Strathcona to be 7000, Strathcona would then be left with a per capita assessment of about $1,540. In 1953 the three other Municipal Districts adjoining Edmonton had per capita assessments varying from $1,070. to $1,190, as compared with a provincial average of $1,300. (although all/ are slightly higher now). The detachment of the

Industrial Area removes large items of expenditure from the Strathcona budget, but it also removes a much larger source of revenue. It is obvious that the low mill rate the area has enjoyed for several years will disappear. But the Commission takes the view that there can be no just cause for complaint if the burden is no greater than prevails in other rural municipalities adjoining Edmonton. The Commission has made it clear in Chapter 12 why the annexation should be made.

The usual practice in Alberta when adjustments are made in boundaries between one municipality and another is that the net assets are distributed between the municipalities in proportion to the division of the assessment. If this practice were now followed it would pass to the City some 70% of the net assets of Strathcona at the date annexation became effective.

But because of the magnitude of the annexation involved, between two such disparate authorities as the city and the rural municipality, the Commission recommends that this practice be not followed. The intention of the Commission is that at the time detachment takes place, the municipality should be left in a strong position so it will be able to make the necessary adjustments as smoothly as possible.

Therefore, except as to the waterworks (see recommendation above) the Commission recommends that Strathcona M.D. be left with all its other assets (i.e., that they be not divided in proportion to the division of the assessment). If, upon the annexation and the consequent disruption of finances in the municipality, hardship arises - as compared with other M.D.'s in the area - we recommend that "special adjustment grants" be paid to the municipality by the province, in order to enable the municipality to adjust to its new financial status. Reference to the practice in Ontario supports the Commission in this view. The Ontario Municipal Board is empowered in annexation cases - where the local economy is violently disrupted and where hardship arises - to recommend the payment of special adjustment grants for a fixed period of time.

8. SCHOOL ASSETS AND DEBTS

With respect to the town and city schools, we recommend that the city public school boards take over all liabilities and assets of public school boards in the fringe communities, and that the separate school board in Edmonton should also take over all liabilities and assets of the Jasper Place separate school board. The procedures are provided for in Part I of the School Act, and are well recognized.

The adjustment of boundaries of rural school boards adjoining the cities, (except for Clover Bar) presents no special difficulty, since only a part of their area is recommended for annexation, and such adjustments of boundaries and finances are often made by the Department of Education, under the School Act.

Clover Bar School Division is a special case however. In Chapter 11 it was pointed out that the Division draws some 96% of its assessment from Strathcona M.D., and that on the basis of the boundaries proposed by Edmonton the per pupil assessment would probably drop from $18,446 to about $5,950, as compared (in 1955) with Stony Plain School Division at $3,846 and Sturgeon at $4,993. The wider annexation proposed by the Commission in Chapter 14, would leave the School Division with a per pupil assessment of approximately $5,820. This, in itself, suggests that the Division might not be in an unfavorable position when compared with other divisions adjoining Edmonton. But it must be remembered that the bulk of school expenditures are not easily reduced, and Clover Bar Division has become accustomed to a larger per pupil and per classroom assessment and expenditures than most Divisions. Precise calculations about the finances of the Division, after the proposed annexation takes place, are rendered difficult by reason of the possible fluctuations in the assessment of Strathcona. It is the Strathcona assessment that will be left at the time of detachment, that will determine the position of the School Division.

By reason of the large area being detached, the Commission believes that similar principles should be followed with the School Division and the municipality - in order to leave both in as strong a position as possible.

We therefore recommend, firstly, that in the case of school debenture debt, which is specifically attributable to schools coming inside the new city boundaries, and which are taken over by the city school board, the city school board should assume such debt. Furthermore, as with the waterworks system, the Clover Bar School Division should be entitled to repayment for capital expenditures out of revenue on behalf of the aforesaid schools. In Chapter 14 the Commission has specially recommended that the Salisbury Rural High School should remain the property of the Division despite its inclusion within the enlarged city boundaries. It follows that the debenture debt on this school would not be specifically assumed by the city, but should be treated as partof the general debenture debt of the Division.

If the usual practice were followed, after the apportionment of the specific debenture debt, the remaining net assets available for distribution would be divided in proportion to the re-distribution of the assessment. Secondly, then, for the reasons indicated in dealing with Strathcona, the Commission recommends that the city should not share in any distribution of the net assets.

A further problem remains. The Division will have a sizeable debenture debt, after the assumption of "specific" debt by the city school board. Much of this debt was incurred by the Division, in expectation of growing assessment, and the debenture holders no doubt also had in mind the taxable position of the Division at the time the loans were made. The Commission has concluded that there are good reasons why the city should assume a portion of this remaining general debenture debt. The city brief anticipated that such an adjustment might be required, but the Commission is unable to determine at this stage what a fair proportion would be. Therefore, thirdly, it recommends that this matter should be the subject of negotiation between the city school board and the Division, and if agreement cannot be reached, that the matter should be referred to the Public Utilities Board for settlement. Fourthly, if upon the annexation and the consequent disruption of finances of the Division, hardship arises - as compared with other divisions in the area - we recommend that "special adjustment grants" be paid to the Division by the province.

9. ADVANTAGES AND DISADVANTAGES OF AMALGAMATION TO FRINGE RESIDENTS

It was said earlier that, in general, a tax reduction on properties in the fringe communities might follow from amalgamation. This does not mean, however, that all residents in the fringe communities could look forward to property tax reductions. The following evidence on the Edmonton fringe towns is likely to hold good also for the fringe communities in the Calgary area.

> "Some properties would go up; other properties would go down. In total, reductions in general taxes would be more numerous than increases. On the other hand, a substantial part of the cost of any improvements to roads and sidewalks would become local improvement charges against adjoining property. Increases of this type would in many cases be greater than the reduction of general taxes. Consequently, no individual property owner could be sure that his particular property would be subject to a lower tax. On the other hand, the standard of many local services would be raised immediately and streets, sidewalks and sewers would be improved as quickly as the work could be completed."

From the view point of the residents in the fringe towns a kind of "balance sheet" may be prepared showing the gains and losses to residents, by reason of amalgamation, as follows (other things being equal):

Property taxes:

Mill rate levy	Probably lower.
Local improvement charges	Probably higher, because of additional improvements being made for streets, lighting, etc.

Utilities:

Water rates	Lower.
Electricity rates	Lower.
Gas rates	No change.
Transit fares..................	Lower.
Fire insurance rates...........	Lower.
Property values	Enhanced.

Civic Services:

Various kinds, e.g. library, recreation, welfare, transit, fire, police, sanitation, etc.	Better and more varied.
Schools	Probably wider range of opportunities.

On the other hand, whatever the advantages to them of being brought within the city, fringe community residents will find themselves in many cases forced to incur substantial private outlay. There will be, for instance, the owner's share of local improvements, the cost of connecting with sewer and water mains, and of installing full plumbing facilities. The Calgary witnesses in particular recognized this problem, but made no definite proposals for its solution. There will, of course, be the possibility of home improvement loans under the N.H.A. In view of the many intricacies of the question, the Commission makes no recommendation.

10. CONCLUSIONS.

A word of caution must be added. The enlargement of the city of Edmonton's boundaries will certainly not solve completely the city's financial problems. In this respect the Strathcona representations are perfectly correct. But to search for complete and final solutions for growing cities is to pursue a will-o'-the-wisp. Amalgamation of Edmonton with the fringes and surrounding industrial area will, however, in the long run, almost certainly ease all the problems of city growth including financial problems, because it will make for a more balanced assessment base, and will provide the best framework of government for the metropolitan areas.

For Calgary, the immediate financial problems will almost certainly become more acute by reason of amalgamation. But again, in the longer run, the growth of industry in the expanded territory provided for the city, gives a fair prospect of a more balanced assessment base.

The immediate gain or loss to the city treasuries however, should not be the ultimate test of the wisdom of amalgamation. The narrow view has for too

long been taken with respect to annexation by the two cities. It is, indeed, largely for that reason that the metropolitan problems have grown to their present magnitude. A more fundamental question is: will amalgamation now prevent the rise of worse problems in the future? To that, the answer can only be "yes". At a still deeper level therefore, amalgamation is recommended because, in the view of the Commission, it is in the best interest of each metropolitan area as a whole; and of the future no less than of the present residents in those areas.

CHAPTER 17. SUMMARY OF RECOMMENDATIONS

CHAPTER 17. SUMMARY OF RECOMMENDATIONS.

CHAPTERS 1 TO 3 INCLUSIVE

(These chapters contain no recommendations, and consist entirely of factual and descriptive material.)

CHAPTER 4. NATURE AND PROBLEMS OF THE FRINGE COMMUNITIES

1. That in the event that city boundaries are greatly enlarged, subject to the proviso that at least sewer and water are provided, some relaxing of the city building codes, in appropriate zones, is preferable to having new fringe development outside the enlarged city limits. Such a step would be the lesser of two evils.

CHAPTER 5. PLANNING IN THE CITIES, THE METROPOLITAN AREAS AND THE REGIONS

1. That the present law in respect to payment of compensation in the green-belt should remain unchanged.

2. That membership by municipalities in the District Planning Commission should be mandatory, and should not be subject to voluntary withdrawal.

3. That Section 10 of The Town and Rural Planning Act, 1953, be amended to provide that a district planning authority may be established on the initiative of the Lieutenant Governor in Council.

4. That the cities of Calgary and Edmonton should each have three representatives on the district planning authority and each other member municipality should have one representative. Each representative should be an elected councillor. There should be no change in the present method of determining representation appointed by the Provincial Planning Advisory Board.

5. That the district authority in the Edmonton area should include the City of Edmonton; the towns of Jasper Place, Beverly, Fort Saskatchewan, St. Albert, Morinville, Leduc, Devon, and Stony Plain; the villages of Calmar, Thorsby and Warburg; and the municipal districts of Stony Plain, Sturgeon River, Leduc and Strathcona. (Should amalgamation take place, representation for Jasper Place and Beverly would lapse.)

6. That the district authority in the Calgary area should include the City of Calgary; the towns of Bowness, Forest Lawn, High River, and Okotoks; the villages of Cayley, Black Diamond, Turner Valley, Blackie, Crossfield, Airdrie, Beiseker, Irricana, and Cochrane; the municipal districts of Calgary and Foothills; and Local Improvement District No. 46 (now the hamlet of Montgomery), and Local Improvement District No. 946. (Should amalgamation take place, representation for Bowness, Forest Lawn, and Local Improvement District No. 46 would lapse.)

7. That the technical staff of the district planning authority in the Calgary area be separated from the city planning staff.

8. That the district planning authority be directed to prepare and adopt a district general plan for the area, in respect to those matters which are essential to the orderly development of the region. The district general plan shall be deemed to be adopted when approved by two-thirds of the representatives present and voting; its principal features must be advertised and provision be made for property owners and others interested to make representations. Provision is made for the plan to be confirmed and for a right of appeal. The plan will be deemed to have come into effect thereafter upon receiving the approval of the Minister, or of the Board if the Minister elects to refer the matter to the Board.

9. That pending the district general plan being brought into effect provision should be made for interim development control.

10. That upon the district general plan being approved each municipality should enact the by-laws necessary to give effect to its share of the plan. The district authority or any member municipality is given a right of appeal against any by-law implementing the district general plan.

A member municipality or the district authority should have the right to submit amendments to the district general plan from time to time, subject to a right of appeal.

Property owners or others interested may request the district authority to amend the district general plan, subject to a right of appeal.

11. That the Provincial Planning Advisory Board should act as the final appeal body. The present Board should be enlarged from three to five members, and serious consideration should be given to having two persons on the Board who are not permanent members of the Civil Service. A Minister of the Crown should not be a member of the Board. At least three members should adjudicate every appeal.

All appeals should be determined at public hearings held in the metropolitan area concerned after being duly advertised.

12. That the reconstituted Board have jurisdiction on appeal or on application by a member municipality or the district authority to settle the content of any district general plan and the by-laws; to decide if the general plan or by-laws (of the local authority) conform to the district general plan; to determine if a public work or by-law proposed conforms to the district general plan; and to determine whether or not a member municipality is conforming to, enforcing or administering the provisions of the district general plan or its by-laws.

13. That the Board hear appeals from property owners and others interested, and incidental thereto may settle the content of any district general plan or the by-laws enforcing it. The Board should have authority to order any member municipality to conform to the district general plan and to order the suspension of any local general plan or by-law which conflicts with the district general plan. The decision of the Board should be final and binding upon all parties.

14. That before the routes of highways or any changes in the same are decided upon, close consultation should take place between the province, the city, and the district planning authority in the area concerned.

15. That the Department of Highways, before granting a permit authorizing development within 2,000 feet of a controlled highway, require the applicant to file a permit showing such development has been approved by the municipality. In addition, the district planning authority should receive notice of all applications, and should have a right of appeal to the Board in the event it disagrees with the decision of the municipality. In cases where a permit is refused the applicant by a municipality, the applicant should have a right of appeal to the Board.

16. That the Department of Highways adopt further special regulations in respect to development on controlled highways within the area of a district planning authority to assist in the carrying out of the district general plan.

17. That the subdivision regulations be amended so that any city, town or village must receive notice of a proposed subdivision within two miles of its boundaries.

CHAPTER 6. FINANCES OF THE TWO CITIES

(A) Capital financing

1. That the cities pursue to the utmost their practice of financing capital expenditures from reserves and current revenue; and that the civic utilities, wherever possible, finance their own expansion from revenue and reserves, and also contribute to general reserves more generously than they do now.

2. In order that the recommendation above may be carried out, it is further recommended that utility rates be increased, to the public, for telephones, water and electricity, in Edmonton; and for water and electricity in Calgary. (See No. 9 below.)

3. That the policy of developing subdivisions on a "package deal"basis be continued and strongly encouraged by the cities; and that the cities should follow a policy of "compact" development from the centre outwards, for the sake of economical capital outlay on utilities and other physical services.

4. That the cities extend their policies of encouraging the pre-payment of local improvements.

5. That the proportion of local improvement costs borne by the property owner be slowly but steadily increased.

6. That the province assist in the "orderly marketing" of city debentures. It is assumed that the province will continue to be a source of capital funds (though not the only source), and will assist the cities to secure part of their necessary capital on the open market.

7. That the city councils be put in the same position as school boards with regard to the submission of money by-laws to the proprietary electors, and that the City Act be amended accordingly.

8. It is recommended that the work "replace" be inserted at the appropriate line in Section 642 of the City Act.

* Commissioner Davies has reservations. See Appendix A.

(B) Operating revenues

9. That both cities raise utility rates (referred to in No. 2 above) to the public, and regard their utilities as a proper extension of their tax base, and the revenues therefrom as an alternative source of revenue to the tax on real property.

10. That the cities exercise (a) the strictest, continuous scrutiny of expenditures, particularly of proposed new expenditures; and (b) the utmost economy of operation compatible with efficiency of service.

11. That the urban share of the Municipal Assistance Funds be distributed with a "weighting" for (a) large size and (b) unusually rapid growth - two factors that generate abnormally high per capita costs of local government.

12. That with respect to roads:

(i) The province bear all the cost, for both construction and maintenance, of provincial highways through cities, on the same basis as now for towns and villages. If the cities wish to construct highways of standards higher than provincial highway standards, they should pay the extra costs.

(ii) Where bridges and approaches (or subways or overpasses) form an integral part of the provincial highways system through the cities, they be treated as in the foregoing paragraph (i).

Commissioner Davies has reservations. (See Appendix A.

(iii) That by-pass roads and bridges outside the cities be built and maintained by the province, without however, diminishing the responsibility of the province in the foregoing paragraph (i).

13. That with respect to welfare costs:

(i) Pending the assumption of full relief costs by the Dominion for the employable unemployed, the cities be relieved by the province of their present share, (40%), of such costs.

(ii) Serious consideration be given to "weighting" some of the provincial welfare grants to take account of large size of population of the cities, as a recognition of the fact that large size generates higher welfare costs.

CHAPTER 7. SCHOOL FINANCES IN THE TWO CITIES

1. That a trustee be appointed, by resolution of each of the city school boards, to attend the meetings of city council at which school matters are being discussed, to propote liaison between council and school boards.

2. That consideration be given to extending the principle of "weighting" one of the school grants for unusually rapid growth, so as to recognize the higher annual capital costs falling on the two cities in consequence of such unusually rapid growth.

CHAPTER 8. IMPACT OF OIL

Appropriate recommendations will be found in other Chapters.

CHAPTER 9. ASSESSMENT AND TAXATION

(A) Crown Grants in lieu of Taxes

1. That the Crown make full grants in lieu of real property taxes on all its commercial operations, including grants on the Treasury Branches, and the Alberta Government Telephones (excluding transmission lines).

2. That grants in lieu of business taxes be made on the Treasury Branches, and the Liquor stores.

3. That the Province recognize the principle of grants to municipalities, in lieu of real property taxes, on Crown properties, other than commercial, if no enquiry is instituted as recommended in No. 9 below.

(B) Agricultural land within the cities of Calgary and Edmonton

4. That all existing orders of the Board of Public Utility Commissioners remain in force.

5. That all agricultural land brought into the two cities as the result of the recommendations of this Commission, be assessed as farm lands subject to certain qualifications.

6. That the business tax levy be not applicable to fur farmers, hog ranchers and bee-keepers in any areas brought in by amalgamation.

7. That fur farmers, hog ranchers and bee-keepers "now established in areas brought in by amalgamation", be not subject to any subsisting health by-law or regulation of the city without an order of the Board of Public Utility Commissioners.

(C) The Electric Power Taxation Act, and The Pipe Line Taxation Act

8. That as to any areas brought into the cities by amalgamation:

(a) "works" as defined in The Electric Power Taxation Act and at present not taxable pursuant to The Canada-Alberta Tax Agreement continue to be free of taxation.

(b) "pipe line" as defined in The Pipe Line Taxation Act and at present not taxable pursuant to the Canada-Alberta Tax Agreement, continue to be free of taxation.

(D) Assessment and Taxation of Industry

9. That a full enquiry be directed into assessments, especially assessments of industrial plants. Any further enquiry should consider (a) the necessity of further uniformity leading to the possibility of one assessment act in the province: (b) whether the province should assess and levy on primary industries and distribute the tax yield to the municipalities: (c) whether the personal property tax be abandoned: (d) whether the process machinery and equipment used in manufacturing should be wholly, or partially exempt: (e) whether the whole matter of exemptions, now prevailing, should be revised.

CHAPTER 10. INDUSTRIAL DEVELOPMENT

Appropriate recommendations will be found in other chapters.

CHAPTER 11. THE UNIQUE POSITION OF STRATHCONA

Recommendations growing out of this discussion will be found in other chapters.

CHAPTER 12. THE CASE FOR AMALGAMATION

1. That the towns of Bowness and Forest Lawn and the hamlet of Montgomery be amalgamated with the City of Calgary, and Calgary's boundaries be extended as recommended in Chapter 14.

2. That the towns of Jasper Place and Beverly be amalgamated with the City of Edmonton, and Edmonton's boundaries be enlarged on all sides, including annexation of the Industrial Area in Strathcona Municipality.

3. That the inclusion of Campbelltown Townsite within the enlarged boundaries of Edmonton should not stop the development authorized on Section 27-52-23-W.4th.

4. That pending the establishment of an effective Regional Planning Authority all plans of subdivision near cities should be carefully reviewed at the highest level. The final approving authority should not hesitate to reject such plans if they are in conflict with the wider interests of the total region.

CHAPTER 13. FORMS OF GOVERNMENT

1. That the government of each enlarged city consist of one city council, one public school board and one separate school board.

2. That the council of the enlarged city of Edmonton be increased from ten aldermen to twelve, all elected at large; but that during a period of three years following amalgamation, at least one alderman must be a resident of Jasper Place and one a resident of Beverly.

3. That the council of the enlarged city of Calgary be increased from twelve to fourteen, all elected at large; but that during a period of three years following amalgamation, at least one alderman must be a resident of Forest Lawn and one a resident of either Bowness or Montgomery.

4. That there be no change in the representation on the public or separate school boards in either city.

5. That the special provisions of the Edmonton-Strathcona Amalgamation Act, which provide for the election of aldermen and school trustees from that part of the city lying south of the North Saskatchewan River, be repealed.

CHAPTER 14. CITY BOUNDARIES

1. CALGARY - That the city boundaries be extended to include the fringe towns of Bowness and Forest Lawn, and the hamlet of Montgomery, and to include also portions of land on all sides except to the north. (For details see Chapter 14 and the map there included.)

2. EDMONTON - That the city boundaries be extended to include the fringe towns of Jasper Place and Beverly, most of the industrial area of Strachcona Municipal District, the townsite of Campbelltown and the intervening land, together with portions of land all around the present city limits. (For details see Chapter 14 and the map there included.)

3. That the title to the Salisbury Rural High School and its site remain with Clover Bar School Division.

4. That following the settlement of city boundaries, school boundaries be adjusted accordingly.

CHAPTER 15. MISCELLANEOUS PROBLEMS OF AMALGAMATION

1. That Beverly and Jasper Place franchises with Calgary Power Ltd. remain in effect for their duration, with power to the City to buy out the Company.

2. That rates throughout the enlarged city be equalized except as after-mentioned.

3. That no power of expropriation be given the city of Edmonton in respect to Calgary Power Ltd.

4. That rights enjoyed by Calgary Power Ltd. under its "permissive orders" be confirmed and generally be exclusive.

5. The rates in suburban-rural areas be reviewed from time to time, subject to Public Utilities Board jurisdiction.

6. That distribution of electric energy by the city of Edmonton outside its corporate boundaries be subject to regulation by the Public Utilities Board.

7. That the Alberta Power Commission be given province-wide jurisdiction regarding placement of power lines above or below ground.

8. That contracts presently existing between Calgary Power Ltd., Consolidated Mining and Smelting Company and Canadian Industries Ltd. be not abrogated.

9. That distribution of electric energy by the city of Calgary outside its corporate boundaries be subject to regulation by the Public Utilities Board.

10. That in Edmonton the so-called 5% gas franchise tax be abolished.

11. That the franchises between Northwestern Utilities and Beverly and Jasper Place be cancelled.

12. That gas rates be made uniform throughout the enlarged city of Edmonton.

13. That there be no abrogation of the agreement between Canadian Chemicals Ltd. and Ajax Petroleums Ltd.

14. That franchises presently held between Canadian Western Natural Gas Company Ltd. and Bowness and Forest Lawn be cancelled.

15. That gas rates be made uniform throughout the enlarged city of Calgary.

16. That proposed utility contracts for gas, water, electricity and sewage disposal in the Campbelltown area be not interfered with. If matters arise which cannot be adjusted, the same to be referred to the Public Utilities Board.

17. That Edmonton be not given powers of expropriation in respect to Alberta Government Telephones in Jasper Place but that the city and The Department endeavor to negotiate a mutually satisfactory working agreement.

18. That Edmonton take over, by agreement, the Beverly Bus Lines Ltd. and Diamond Bus Lines Ltd. In the event of failure of agreement as to price the matter to be settled by arbitration.

19. That transit fares and water rates throughout the enlarged city of Edmonton be made uniform.

20. That Calgary take over, by agreement, the Forest Lawn Transit bus service. In the event of failure of agreement as to price, the matter to be settled by arbitration.

21. That transit fares and water rates throughout the enlarged city of Calgary be made uniform.

22. That provision be made for the protection of non-ratepayers holding hospitalization contracts with Calgary Rural Municipal Hospital District No. 63, or with Municipal Districts.

23. That provision be made for the continued employment of staff displaced by the amalgamations consequent upon the implementation of this report.

24. That certain by-laws presently in force in the fringe towns and annexed areas be continued until consolidation becomes possible.

25. That amalgamation be carried out at the earliest possible date.

CHAPTER 16. FINANCIAL PROBLEMS OF AMALGAMATION

1. That the cities bring the utilities and services, which require large capital outlay, in the fringe communities up to city standards as speedily as possible, and in any event, within a period of five years. Current services should be made available almost immediately after amalgamation. The present sewer and water projects in the fringe towns should proceed without interruption.

2. It is recommended:

(a) that "capital adjustment grants" be provided by the province, over a 5-year period, to ease the capital costs of amalgamation upon the cities.

(b) that the total amount of such grants be equal to 50% of the general city share of the capital costs of extending sewer and water systems to and in the fringe communities.

(c) that the province should assume 50% of the existing general debt of the fringe communities which have already been incurred for sewer and water systems.

(d) that "capital adjustment grants" be given by the province to the city school boards, of 50% of the costs of school construction attributable to amalgamation.

(e) that the province and cities should give high priority to city and school board borrowing arising from amalgamation.

3. That the special education grants, now received by the fringe community school boards, be continued to the city school boards after amalgamation for five years, on a steadily declining basis.

4. It is recommended:

(a) that the new cities each assume all the debts and take over all the assets of respective fringe towns, and Montgomery (L.I.D. #46).

(b) that in the case of lands annexed from the municipal districts (except Strathcona), they be treated as though they were the subject of an annexation order by the Board of Public Utility Commissioners.

(c) that in the case of Strathcona, the city of Edmonton take over the net capital debt and assets attributable to the waterworks system, and re-imburse Strathcona for the net capital sums expended out of revenue on waterworks in the annexed area.

(d) that Strathcona retain its other assets - i.e., that they be not divided in proportion to the division of assessment brought about by annexation.

(e) that if, upon annexation, financial hardship arises for Strathcona - as compared with adjoining municipal districts - then "special adjustment grants" be paid to Strathcona by the province.

5. It is recommended:

(a) that the public school boards of the cities take over all liabilities and assets of the public school boards in the fringe communities, and that the separate school board in Edmonton do likewise for the Jasper Place separate school board, as provided in the School Act.

(b) that in the case of Clover Bar School Division the city school board should assume that portion of its debenture debt which is attributable to schools coming inside the new city boundaries; (except for Salisbury School, on which, see above) and that the Division be re-imbursed for capital expenditures out of revenue in respect to the aforesaid schools.

(c) that the Division retain its other assets (i.e., that they be not divided according to assessment, in the customary way).

(d) that the city school board and the Division negotiate with a view to the former assuming a "fair proportion" of the Division's general debenture debt, and if agreement cannot be reached, the matter be referred to the Public Utilities Board for settlement.

APPENDIX A

Reservations of Commissioners

Reservations of Commissioner Davies

RESERVATIONS OF COMMISSIONER DAVIES

It is hardly necessary to say that a Commission of five, sifting the numerous problems of local government, must inevitably arrive at some decisions which represent considerable compromise. Allowing for this, and with respect, there are some recommendations which I am unable to subscribe to.

Mandatory Submission of Money By-laws to Proprietary Electors

Under Section 266 of The City Act, subject to certain exceptions, the Council is required to obtain the assent of two-thirds of the proprietary electors voting thereon in respect to a by-law creating debt not payable within the current year. Thus property owners must be consulted before certain capital expenditures are made. The School Board is in a slightly different position. When it proposes to create a debt for capital expenditure, in addition to certain other requirements, it must give notice in the local newspaper of its intention to borrow. If 100 or more proprietary electors demand a poll, a vote is taken; the by-law is considered approved if passed by a majority of those voting.

One recommendation in Chapter 6 which I am unable to subscribe to would place city council borrowing in the same position as school borrowing. No by-law would be submitted unless 100 or more proprietary electors demanded a poll. In addition, the change would mean that where a poll is demanded, a majority vote would pass the by-law instead of the two-thirds majority now required.

The present law recognizes a fundamental difference between school board and city council borrowings. This difference should be retained in the public interest. The borrowings of a school board are obviously limited to carrying out its limited functions; school attendance is compulsory, and thus there is no alternative left to a Board other than to borrow to provide the plant necessary to carry out its statutory duties. The proprietary electors recognize this; historically, they seldom request a poll. Furthermore, no doubt the requirement that a majority vote only is necessary is related to School Board borrowing being incidental to carrying out a mandatory statutory function.

On the other hand, a city council has wide powers and some of the projects it would seek to advance through borrowing involve a matter of opinion as to whether or not they are necessary or advisable to the extent of incurring debt. For that reason the law at present provides a by-law must be approved by two-thirds of the

proprietary electors voting. Special provision is made so that approval is unnecessary in respect to certain types of essential capital expenditures. The objections to the majority recommendation are as follows:

(a) The proposed change in the law would make it easier for the cities to go into debt. Throughout the evidence at the hearings there were very few signs that it was not easy enough to get into debt under the present law. The problem was more one of being able to borrow the amount of money the cities wished to spend.

(b) Projects "near the line" might pass Council by a majority of one, but unless opposition were running strong, demand for a poll might not be organized. The local citizen does not always know what is going on. It is axiomatic that as the cities grow larger there is a strong tendency for the citizen to become further removed from his Council.

(c) Every increase in the general debt of the city affects the property owner. Is it not advisable that he should continue to be consulted? The sagacity of his decision in choosing council members is only questioned by the defeated candidates. Can he not be trusted to be equally as wise in determining whether or not city debt should be increased?

(d) Is it not likely that if Council knows a by-law must be submitted and its members may have to advocate the proposed expenditure, the proposal may receive more careful consideration? If so, is it not desirable to preserve this feature?

(e) When an increase in general city debt is involved, is it not the wiser course that it should have the solid approval of two-thirds of those voting as against a bare majority?

(f) Municipal councillors are elected officials; at times most Councils are subjected to local pressures for certain capital expenditures. Is it not fair to presume that retention of the existing law is a safeguard which should be preserved?

(g) There is less reason for changing the law in Alberta than in most other provinces. In 1955 at $7.51 per capita, Edmonton will receive an estimated $1,600,000. (and Calgary $1,250,000.) from the province in unconditional grants as municipal assistance which can be spent as Council sees fit whether for capital or other purposes. In Ontario the equivalent grant would be $3.00 per capita for Edmonton (and $2.75 for Calgary). By using some of this grant and tapping reserves accumulated through the utilities and otherwise, Edmonton is now building a new $3,200,000.

City Hall which did not need the assent of the property owners. (In December 1955, property owners in Toronto rejected a city council by-law to erect a $20. million City Hall, and in Welland they turned down a by-law for a proposed City Hall at $388,000.) In short, our Councils have substantial sources they can tap to make capital expenditures without seeking the approval of Property owners.

(h) The Commission heard much about the apathy of electors in turning out to vote at elections in both cities. Without discussing the reasons giving rise to the small percentage voting, is it not fair to assume that removing the money by-laws from the necessity of a ballot will only serve to lessen the already regrettable lack of interest? If changes are needed, surely they should be in the direction of fostering an increase of citizen interest in city government.

Operation of City-owned Utilities and Proposed Increases in Utility Rates in both Calgary and Edmonton

The other recommendations in Chapter 6 which, with respect, I feel bound to oppose, concern the operation of city utilities and the imposition of further taxation on utility consumers by increasing rates. In the time and space available it will not be possible to examine utility operations in both cities. Since Edmonton operates five utilities as against only three in Calgary (transit, water supply, and retailing electricity), particular reference will be made to Edmonton. Even then only a summary examination is possible. However, the principles on which the objections are based are applicable to both cities. To avoid misunderstanding, I wish to make it clear that the right of the cities under existing legislation to conduct their utility operations as at present is not in dispute. The cities have gone to great trouble to furnish full information. There is every indication their operations are at a high degree of efficiency and that the various branches are headed by capable officials with a high sense of public duty. Present Councils are merely continuing policies which originated some years ago. The criticisms hereinafter directed are based largely on economic arguments and principles of taxation.

The first objection may be stated as follows:

(a) As at present practised, utility taxation represents an indirect tax. It is undesirable and not in the public interest that municipalities should impose on their citizens a vast scheme of indirect taxation.

This objection is primarily based on the belief that it is both desirable and essential, at least at the municipal level of taxation, that citizens should know how much the tax is which they are called upon to pay. Demands for services are closely related to knowledge of the tax involved. The province has no power to impose indirect taxes, and the cities should not be permitted to levy through devious ways in managing utility operations what, in effect, constitutes indirect taxation. Starting at page 21 certain Tables appear and are discussed. It is shown that in 1954 the amount charged in the utility rates for utility taxation and contributions to the city general revenue and for utility reserves was $25.62 per capita, as compared with the per capita real property tax of $50.43 (when utility assessment is excluded). It is also shown that on the basis of the 1955 city estimates the per capita demand on the utility consumers rises to $29.73, whereas the actual 1955 per capita real property tax levy (excluding utility assessment) is only $50.86.

The real property owner has each of his properties separately assessed and has the right to appeal each assessment. The mill rate is struck and he can see exactly what his tax bill amounts to. Let us contrast this with the utility consumer. The estimated city budget on the utility consumers in 1955 charged into the utility rates represents a demand amounting to practically 60% of the demand on the real property owners through the mill rate. But, the utility consumer gets no "assessment notice", and has no idea how much the "tax" portion is on any of his utilities, nor has he any chance to appeal to an independent tribunal. If the property owner thinks he is unfairly treated, he can carry his appeal to The Alberta Assessment Commission. The utility consumer is not even told how much of his bill represents "tax". Surely it cannot be seriously contended that an arbitrary indirect taxation system such as this should be retained at the municipal level, whether from the point of view of the cities, or the consumer, or the public interest, to say nothing of the greater inequity that would arise if any utility rates were further increased?

The second objection is:

(b) Utility revenues are not a proper basis for equitable taxation.

To the householder, the taxation of electricity and water is a tax on necessaries, and the use of telephones in the home has become so common that telephone service is almost in the same class. Natural gas, when used for heating or cooking, is in the same position as electricity and water. Heat, light, and water are essentials in every home just as is bread and milk. There is no more social justification for taxing light, heat, or water, than there is for taxing bread and milk at the municipal level. Such taxation is only socially justifiable under dire circumstances. Dr. Robert M. Clark, Associate Professor in Economics at the University of British Columbia, dealt with the effect of levies on electricity or gas in his address to the 18th Annual Conference of Canadian Mayors held at Edmonton in August 1955. He said these levies were unfair as between different types of industry. Some industries use enormous quantities of electricity or gas, which constitute an important factor in operation costs; other industries may use very little. This results in discrimination. Some industries consume large quantities of water, and the same argument applies. Elsewhere in this Report, cheap electricity and gas is cited as essential to the industrial advancement of the province. This is not possible under utility practices which direct the utilities as a vast scheme of taxation. The transit systems are a "must" for every city. Passenger loads continue to decline as automobile sales advance. Increasing fares further reduces passenger loads. The backbone of the transit systems is the revenue obtained from workers or persons in lower income groups who have no other form of transportation. Surely from a social point of view there can be no argument in favour of a city exacting profit from its municipally-owned transit system. All its efforts should be directed to furnishing transportation at the lowest cost possible.

It is true that utility taxation is the apple of every finance commissioner's eye! Hence, unfortunately, it is enshrined in certain cities in the West. "It is in the rates", and if the consumer does not pay the monthly bill, the heat, light, or water can be shut off. Tax Recovery Act proceedings are unnecessary; the consumer cannot live without heat, light, and water, so the bill is paid! It is known that the cities follow a generous policy in respect to disconnections, but the niceness of the tax to Silas can surely never be a just test as to whether or not the tax is equitable.

The third objection is:

> (c) Taxation through utility operations is objectionable on the ground that Council fixes the rates, decides what portion of utility revenue will be allotted to lessen real property taxation, and fixes the real property mill rate. Utility consumers cannot sit on Council unless they are property owners.

At the end of 1954, in Edmonton, there were 57,923 electricity services, 41,655 waterworks installations, and 65,155 'phones in use (with a waiting list of 7,000). The evidence indicated that some 45% of the population were tenants. Since real property is still the most common index of wealth in our western cities, it follows that, as a category, more tenants than property owners fall in the lower income groups. The utility systems have been acquired and developed through charges in the rates made to the consumers. Basically, the utilities might be likened to a great co-operative enterprise. From a moral point of view, it could not be disputed that the real owners of the enterprise are the consumers. However, unlike other co-operative enterprises, thus far the extent of the consumers' participation has been largely in being called upon to furnish capital for continual expansion. The consumer has had no dividends unless he also happened to be a property owner. " Dividends"are declared annually to the latter through utility contributions and surpluses being transferred to the city to effect real property tax reductions. It should be pointed out that most cities do not own or operate utilities on any scale. <u>In those cities taxation falls in the normal manner.</u>

Many tenants are entitled to vote in council elections, but no person is entitled to sit on council unless he is a property owner. The evidence in both cities, and particularly in Edmonton, is that it is city policy to adjust the utility rates to creat surpluses and contributions so as to reduce real property taxation (whether on business property or otherwise), and this policy has resulted in real property taxes being lower in Edmonton than in other comparable cities. If the recommendations made by the Commission were carried out it would result in the present somewhat unknown-to-the-consumer vast taxation scheme being further extended. A city council, in effect, is a Board of Trustees managing the utilities and fixing rates on behalf of the consumers composed of two different groups - the property owners and the tenants. Is it not wrong in principle that a Council composed wholly of property owners should sit in judgment and decide what proportion of revenue should be raised through real property taxation and what

proportion should be raised from the utility consumers who cannot sit on the council? It is true that property owners themselves are utility patrons to the extent of the premises they occupy and that tenant utility consumers can vote for councillors, but this does not lessen the basic objection.

Some discussion took place in both Calgary and Edmonton as to the prospect for utility rate reductions. In Edmonton an ex-city commissioner of long standing was asked what the prospect was for a reduction in electricity rates under the utility system as practised in Edmonton for the last fifteen years. His answer was "None whatever, I hope." In Calgary the attitude was slightly different. The city finance commissioner felt that the spread between the cost to the city and the selling price was large but took the view that for the present the city needed the revenue. Since then Calgary's reassessment of land and improvements was completed - the first general reassessment since 1936 - and a grand opportunity was presented to reduce the "spread" in electricity charges. What did the Council do? It proceeded to drop the mill rate from 48 in 1954 to 41 in 1955, the lowest since 1919.

As a member of a fact-finding body I can arrive at one conclusion only. City Councils are as reluctant as any other elective assembly to identify themselves with apparent increases in taxation (even where these arise through a reassessment), and if the revenue can be found from some source where the tax cannot be seen, that is, in the utility operations as at present conducted, this is where it will be found to the fullest extent possible. But this does not mean that the end is justified or that the tax is equitable. On the contrary it proves the opposite. It might be argued that it is city council's own business to set its own policy where it wishes to obtain the revenue. This view represents a negation of all Public Utility Board regulation. Section 56 of The Public Utilities Act is partly designed to make the Board a watch-dog of the interest of consumers.

Nearly all cities in Ontario of over 60,000 population have a Municipal Hydro-Electric Commission which controls the distribution of electricity. One member is appointed by city council, one member is elected by the public, and a third member is appointed by the H.E.P.C. of Ontario. There is a prohibition against revenue from the electrical operations finding its way into city council coffers. The amount which can be carried into reserve is also limited.

Vast sums for capital expansion are not charged into the rates against the consumers who happen to be the patrons during the period of rapid expansion; capital charges are spread out over a period of up to 40 years. Put tersely, the policy is designed so that revenue from electricity consumers must be used for the enlargement and advancement of the system, and any excess of revenue within the terms prescribed reflects itself in lower rates. I feel fortified in the views expressed in respect to utility operations because the Ontario system has been the subject of world-wide study and much favourable comment.

The Commission did not have time to thoroughly investigate utility operations. However, in my opinion, sufficient evidence was heard to indicate that in both cities a case might be made for civic utilities, at least the electricity operation, being under the supervision of a Municipal Utilities Commission on which consumers would be represented, whether or not they were property owners. If the existing large scale utility taxation is to continue - to say nothing of having it enlarged through the recommendations to which I am unable to subscribe - it would seem that the least which might be done is that the property qualification for council membership should be abolished. However, this in itself would not overcome the principal objections which only become stronger as the revenues increase.

The fourth objection to the recommendations of the majority of the Commission may be stated thusly:

> (d) The evidence presented to the Commission fell far short of justifying recommendations to the effect that utility rates in Calgary (for water and electricity), and in Edmonton (for water, electricity, and telephones), should be increased in order to provide firstly, larger contributions to city general reserves, secondly, larger reserves for utility expansion, thirdly, more revenue for utility expansion out of current revenue, and fourthly, that more revenue be obtained for general city purposes by regarding the utilities "as a proper extension of the tax base, and the revenue therefrom as an alternative to the yield from real property".

The recommendations in Chapter 6 embodying the affirmative side of the above proposals imply that the utilities have not been making generous enough contributions to city revenue and have not been providing enough funds out of revenue for their own capital expansion. Since certain utility rate increases are recommended, it is also implied that the other two principal sources of city revenue,

real property taxation and the business tax, are yielding all that can be reasonably expected as their fair share of the tax load. Presumably, it is also implied that the basis of assessment and assessments are fair and just.

The recommendations are partly based on the statement "that utility rates, generally speaking, compare favourably with those in other Canadian cities". There are several reasons why municipally-owned utilities can operate at lower rates than private corporations. A basic one is that they are free from taxation. There is also a good reason why electricity rates in Edmonton should be among the lowest in Canada. Elsewhere many plants produce electricity through generating steam from coal-fired boilers; the coal must be transported to the plant by boat or rail. In Edmonton the boilers are fired by natural gas purchased at a rate that approximates the lowest on the continent. Is it right or proper that citizens of Alberta should be taxed out of their natural inheritance with the laconic statement that "rates compare favourably, generally speaking, with those in other Canadian cities"? Would Albertans accept a provincial policy which puts an additional tax on gasoline so the price would "compare favourably, generally speaking, with the price elsewhere in Canada"? The question answers itself. With our vast natural resources, how can we expect to develop the province industrially if we fail to give industry the cheap gas and electricity it needs to offset the negligible local market and high freight rates?

Another argument advanced in Chapter 6 on which, by implication, the Commission's recommendations were based, reads as follows:

> "It is also easier, from the point of view of public acceptability, to extract more civic revenue from the utilities than from the mill rate."

If extensive utility taxation has been acceptable to the public there can be no doubt it is only because they are completely unaware of its extent. This is borne out by the evidence under oath of the recently retired Edmonton city commissioner previously mentioned. He had referred to the fact that from inception Edmonton utilities had turned in some $30,000,000. to city coffers (which was in addition to supplying their own capital). A discussion took place about private utility companies in which the ex-commissioner stated they would be allowed a return on their capital of about 7½%. He was asked the following question by a member of

the Commission:

> "Q. 'In fact on your thirty million, could you tell me offhand what the average percentage has been over the years when you made $30,000,000.00?'"

and he answered:

> "A. 'I wouldn't like to make it public, no.'"

In view of the above, is it not right to assume that if "public acceptability" exists it is based on a system which fails to disclose to the public how much the rates are marked up? This raises a fundamental question I have already discussed, namely, the undesirability of indirect taxation through utility operations, and the desirability of the public knowing how much the tax actually is.

During the war years, the federal government in reaching out for new sources of taxation, imposed a 15% tax on utility bills. Despite the pressure of war conditions the tax was an extremely unpopular one, and it was one of the first of the war taxes to be removed when hostilities ceased. If the consumer knew what the rate of tax was at present, particularly in respect to electricity, there is no reason for thinking that the tax would be any more popular today merely because it was imposed at the municipal level. It would appear that the city of Winnipeg is unique in being the only place in Canada where a direct tax on electricity is imposed at the municipal level. The tax was authorized in 1935 at a rate of 10% at a time when unemployment was widespread, properties were being forfeited, and depression was rampant. The tax was reduced to 5% in 1941. The tax is certain and all consumers know exactly what it amounts to.

In so far as the utility recommendations are based on the assumption that the real property and business taxes are yielding all that can be reasonably expected in both cities, and that the basis of assessment and assessments are fair and just, and the mill rates represent an approximate maximum based on such assessments, the evidence was far from satisfactory. In fact, it was so unsatisfactory that the Commission found it necessary to recommend that a special inquiry should be directed into the whole question of assessments. Indeed, in Chapter 6 the Commission even found it necessary to approach the question as to whether or not local taxes were too high by presenting it as a "psychological question". The evidence clearly established that assessments in both Calgary and Edmonton had been

lagging badly, and perhaps more so in Edmonton. Calgary went from 1936 to the end of 1953 without a general reassessment of land, and the general reassessment of improvements did not go on the roll until 1955. Edmonton went from 1934 until the end of 1949 without a general reassessment of lands, and it was not until 1952 that the general reassessment on improvements went on the roll. It must be remembered that the 1934 and 1936 general reassessments were extremely low by reason of being made in the depression period. In short, no general recognition of the tremendous increase in land and building values in the intervening years appeared on the rolls until the 50's. It is true that the intervention of the war years and the lack of proper staff was a basic cause for the delay. In any event, Calgary immediately lost much of the benefit of its reassessment by reducing the mill rate to 41, the lowest since 1919. The 1955 school mill rate is down to about 14, the lowest since 1920.

In Edmonton the 1955 real property mill rate came down to 48, the lowest since 1930. The 1955 Public School mill rate came down to 24.5, the lowest since 1933. There can be little doubt that real property in Edmonton, generally speaking, is assessed lower than in Calgary, even after allowing for the industrial assessment which has been going on outside the city. Edmonton's population is some 40,000 more than Calgary's; Calgary does not assess its own utilities; if we remove from the Edmonton 1955 assessment the \$10,500,000. assessed against the utilities, we find Calgary's net assessment to be \$219,624,000. compared with Edmonton at \$221,758,500. In 1955 Edmonton's per capita real property assessment is \$1,109. compared with Calgary at \$1,300. Another interesting Table deleting all utility assessments from both Calgary and Edmonton is available. It shows that in Calgary in 1946 that land represented 39.3% of the total assessment, that it had dropped to 28.8% by 1952, and was back to 38.2% by 1955. In Edmonton in 1946 land represented 39.6% of the total assessment, and this per cent dropped to a low of 24.7 in 1954, and settled off at 28.0% of the total in 1955. Both cities assess under the same Act; Calgary has a slightly larger area but rough topography reduces values in some areas. The Edmonton relationship of land assessment to building assessment is all the more surprising in the light of Table 61 in Chapter 6. This Table for 1955 shows that residential assessment amounted to \$131,707,000.

and commercial-industrial assessment amounted to \$100,551,000. to complete the 1955 total real property assessment at \$232,258,000. Keeping in mind that single family dwellings (without suites) in Edmonton are assessed at 50% only in respect to improvements, as against 60% used in Calgary for all improvements, the disparity between the Edmonton and Calgary assessments is apparent. During the hearings there was a common feeling among many witnesses that all municipal governments in Alberta should be placed in the same position with respect to assessments. This point was particularly stressed in the Edmonton Chamber of Commerce Brief. It is obvious this condition does not at present obtain between the two cities. It is equally obvious that an examination of the existing real property assessments in the two cities, as well as the methods of assessment, raises so many doubts that recommendations for raising utility rates or considering the utilities as a proper extension of the tax base are quite unjustified.

Another test as to whether or not the two cities are exploiting their real property and business tax bases fairly and as originally intended is to compare the cities with small towns in Alberta. In Chapter 12 reference is made to the town of Lacombe as a well-established small town removed from city influence. Like all other municipalities in Alberta except the cities, it is assessed under The Assessment Act. The following Table compares real property and business tax levies on a per capita basis:

TABLE I
EDMONTON, CALGARY, and LACOMBE - PER CAPITA
REAL PROPERTY AND BUSINESS TAX LEVIES - 1955

	Edmonton	Calgary	Lacombe
Per capita real property tax:	53.33	53.22	57.06
Per capita business tax:	6.44	5.95	6.37
Totals:	59.77	59.17	63.43

SOURCE: Chapter 6, Tables 2,18,50, and 51, and Commission records.

Before making any comments it should be kept in mind that Lacombe is a small town which is only subject to normal population growth. Also, that the two cities have been the fastest-growing in Canada, and being much larger, many of their per capita costs would normally be higher. One would think that under these circumstances and with the high level of urban amenities found in the cities, the per capita real property tax would be higher than in a small town; and also that

with the cities being large wholesale, distributing and industrial centres, the per capita business tax would be somewhat higher. Such is not the case. If Lacombe is a fair sample of Alberta towns it seems safe to assume that the urban centres removed from the two cities are prepared to pay more for less services. It also indicates the two cities may not be using their principal tax bases to the extent they should. If such is the case, what justification can there be for adding further blind taxes on the utility bills of the consumers?

Another way in which the level of real property taxation may be measured is in terms of the amount of city revenue absorbed for education. Tables 7 and 23 in Chapter 7 indicated that in Edmonton in 1946 the Public School Board operating grants from the province amounted to only 6.3% of the total revenue, as against 34.4% in 1955. The similar figures for Calgary show as 9.7% for 1947 against 40.3% in 1955. When considered in conjunction with the drop in school mill rates, it seems fair to conclude that the educational load on real property has dropped very considerably in recent years through enlarged provincial grants. Another Table prepared for the Commission is more illuminating. It takes into consideration the construction grants as well as the operating grants. The Calgary and Edmonton Public School Boards were each asked to submit estimates as to capital construction grants they expected to receive on their 1955 capital programmes based on the assumption that these programmes were started and completed in the same year. The Edmonton programme covered 151 new class rooms, 1 gymnasium, and provision for Home Economics in 3 schools and Shopwork in 3 schools. The Calgary programme covered 122 new rooms and 10 gymnasiums. Edmonton estimated its construction grants at $1,362,214. based on $5,328,351. in building costs. Calgary prepared its estimate with a copy of the Edmonton one before it, and estimated its construction grants at $1,147,702. based on building costs of $3,286,823. It is probable that the Edmonton estimate is extremely conservative. In any event, based on the estimate so given, and adding the construction grants to the operating grants, it results in 1955 in the province contributing 45.45% of the cost of education in Edmonton as against 54.55% of the cost coming from real property taxation. The similar figures for Calgary show the province bearing 52.68% of the cost, with the

balance of 47.32% falling against real property in the city. Although my time for research in this field has been somewhat limited, thus far I am satisfied there are no other Canadian cities of similar size receiving such substantial provincial aid. A study of educational costs proves that the load on real property taxation in the cities has been greatly reduced recently. This situation does not justify further large scale utility taxation being recommended as an equitable manner in which to increase city revenues.

Another test in measuring the level of real property taxation in the two Alberta cities is to examine similar cities elsewhere. The City of Hamilton in the favoured province of Ontario is only slightly larger than Edmonton. Its 1953 statement is the last on hand. It shows a total land assessment of $78 millions and improvements at $235 millions, for a total of $313 millions. In addition, the business tax assessment is some $53 millions. On this grand total of $366 millions 47 mills was levied to produce some $17 millions in revenue. The business tax levy produced nearly double the 1954 Edmonton levy of $1.3 millions, and the Edmonton levy is relatively slightly higher than in Calgary. Hamilton taxes improvements at 100%, which is the basis prevailing in Alberta outside the cities, with the exception of farm property. Hamilton received school grants from the province for its public schools in the amount of $1,104,374, and the Public School Municipal tax levy (levied on real property and the business assessment) amounted to $5,809,430. Using the Edmonton Public School Board 1955 Budget for purpose of comparison, and leaving out capital construction grants, the school requisition on Edmonton's real property taxpayers was $4,546,119., as against $2,425,965. received in operational grants. These figures clearly indicate real property and business bear a much heavier proportion of educational costs in Hamilton than in Edmonton. Calgary is in a similar position to Edmonton. Again, I am impelled to conclude that it would not be equitable to support the recommendations in respect to increasing utility rates if further revenues are needed.

In 1947 H.Carl Goldenberg, Q.C., a recognized authority on municipal government and finances, conducted a survey for British Columbia on provincial-municipal relations. He found assessments of real property were badly lagging. The following excerpt from his Report is relevant to the case against utility rate increases:

"It is apparent in a number of municipalities the rates charged to consumers of electric light are very considerably in excess of the cost of such service, including depreciation and debt amortization. Electric light utilities, therefore, operate to relieve taxpayers by shifting some of the burden of municipal costs to the consumers of electric light. This applies also in some degree to waterworks utilities. It follows from the foregoing that rates for utility services in a number of municipalities include in effect an indirect tax on the consumers of such services for general municipal purposes. While such a tax may provide an expedient method for raising municipal revenues from sources other than municipal taxes, it cannot be considered equitable. It becomes particularly inequitable where, because of the exemption of improvements in whole or in large part, it serves to relieve persons from taxation which they should properly bear."

Increasing Utility Rates Completely Unjustifiable

Quite apart from the arguments I have advanced on economic and other grounds as to why utility rates should not be increased, it is amply demonstrated that in recent years the tax burden against real property has been lessened through being shifted in various ways. The matter has been examined from the point of view of general mill rates in the two cities, school mill rates, assessments, assessment practices, the proportion of the school levy against real property, by comparing the city tax levies with a representative small town in the province, and by a brief comparison with another city of similar size in Ontario. By all these tests, despite their rapid growth, the real property taxation load in the two cities emerges as being the spoiled child. In Chapter 6 the Commission stated:

"We are driven to the conclusion that the citizen is, if anything, getting more for his property tax than in the past. It is doubtful whether he gets better value for any other expenditures than for his local taxes, and it is a pity this is not more widely appreciated by the public."

It is not without significance that although the public hearings were widely advertised in the two cities and lasted over a period of six months, not one person, firm, or corporation, paying taxes within either of the two cities came forward to protest their business or real property taxation level. Again, I am impelled to conclude that the raising of any utility rates for the purposes recommended by a majority of the Commission would be completely unjustified and grossly inequitable to utility consumers.

A final objection to the present system of operating city-owned utilities and to the recommendations of the Commission in respect to increasing

utility rates is stated as follows:

> (e) The present method of utility assessment, fixing rates and allotting profits is completely arbitrary and uncertain and results in discrimination against certain groups of consumers. It is important to citizens generally, and to business and industry, that the arbitrary element should be removed.

Firstly, it should be emphasized it is the existing legislation and system under which the Councils operate that is being criticized rather than the Councils. The system has just "grown up" within the scope of legislation that was largely prepared many years ago and the operational results in terms of the legislation are perhaps being now measured for the first time. Times and conditions change and legislation should of necessity keep pace with the times. The Calgary-owned utilities are not yet assessed, although it is said proposals are receiving consideration. In 1944 Edmonton sought and obtained from the legislature an amendment to its charter permitting it to assess its civic-owned utilities on an arbitrary basis. Indeed, the city was even empowered to fix the value of the assessment on each utility "as a going concern". Edmonton has not used this latter provision, but it was carried into the uniform City Act. Of course, the cities are not allowed to assess any private corporation or business "as a going concern". If the cities should take advantage of this provision it will indeed be cold comfort to the utility consumers (who have contributed millions of dollars in their rates to provide the capital for utility expansion, on top of other large amounts for city revenues), to be told they were doing so in order that they could be assessed "as a going concern".

The evidence is that about 45% of Edmonton's population lives in rented accommodation; the Calgary figure would not vary much. One group of utility consumers is represented by those who own real property which they occupy, whether as householders or for business. A considerable group own their living accommodation but rent their business premises. Another important group is those who rent accommodation, whether as householders or for business, and who receive direct billings from utility departments. Another group of consumer is those who rent accommodation, whether as householders or for business, but the utilities are billed to the property owner, and he collects from the tenant. The proportions vary as between the different types of services.

Of course, in respect to telephones in Edmonton, the billing is always in the name of the subscriber. All these different relationships assume importance in considering the effect on the utility rates when utility revenues are allotted to city general revenue or for contributions towards capital expansion. The evidence is that city policy is directed so that utility revenues are used to lower real property taxation. Thus there is little hope under the present system for a large segment of the population (which makes contributions to the utilities as tenant householders and tenants in business premises), ever receiving any recognition of the "capital" they contribute in their rates, or of receiving any measurable "dividends" in the form of reduced rates bearing a reasonable relationship to cost. The policy in both cities under present legislation directs the benefits to property owners. City Councils arbitrarily fix the assessments and determine the rates. In effect, this constitutes marked discrimination in the rates against all persons who rent any type of accommodation whether for business or residence. It is completely contrary to established public utility practice and principles. No private utility operator would be allowed to follow such practices. The cloak of municipal monopoly does not make it any more respectable or equitable.

The five utilities are assessed at $10.5 millions, each at $2.5 millions except the Transit System at $500,000. No more logical reason exists for assessing the city-owned utilities than other city-owned property, including the Civic Block or Royal Alexandra Hospital. The basic reason for exemption lies in ownership by the public. Citizens are supposed to receive their utilities "reward" in lower rates from city operation. One is led to suspect that the city-owned utilities are assessed because the tax is shifted and is not seen in the rates. If assessing the utilities is to be justified on grounds of "commercial" operations the argument fails. The supplying of water to the populace is no more "commercial" than taking it away in the form of sewage. The City Land Department is run on a commercial basis and so is the hospital; the latter determines its rates according to "costs", even though the city does have to subsidize it as a public service which does not pay. Other hospitals are exempt but operate on a commercial basis. I do not suggest it should be otherwise. It appears that city-owned utilities have been singled out to supplement city revenues. The evidence is that by 1937 the surpluses were so large that the property owners' association complained.

The assessment of utilities does not present problems which justify the matter being arbitrarily left to Council in consequence of which a vast scheme of indirect taxation can be imposed on the consumers. If the 1955 private gas utility revenue is related to its $4.4 million assessment it results in some $680,600. o. assessment per million of revenue. On this basis the five city-owned utilities (after allowing for the duplication of revenue in the combined electricity operation) would have been assessed at some $10.104 millions in 1954 instead of $10.5. However, the private gas utility also pays taxes on its real property. Obviously, it would be unfair to assess the Power Plant on a revenue basis and then impose the real property tax, since practically its only assessable property if it were privately owned would be its real property.

Let us assume it is fair and proper that the city utilities should be assessed. Once the original basic principle of publicly-owned operation of "service at cost" has been abandoned (as it has in parts of the West), and the cities take the view they wish their publicly-owned utilities treated as private corporations, there remains nothing to do but assess the utilities as such, and then impose Public Utility Board regulation. This is an integral adjunct of privately-based operation. The principal submission in fairness to consumers of all classes would be that the assessment should be no less favourable than what would be imposed on a private utility. (The mill rate on transmission lines and works of private electric utilities in Alberta is fixed at a maximum of 10 mills by statute). Generally speaking, the "revenue basis" is the simple method, provided real property taxation were not added. It has been adopted in British Columbia as follows:

> " Under general legislation in British Columbia, in lieu of real property and business tax, telephone companies pay a municipal tax of 2 per cent on gross rentals from subscribers in the municipality and gas and electric companies pay the same rate on their revenues from sales in the municipality, other than for re-sale, and street railways pay the tax on the fares received. In Vancouver the rate of taxation on the same utility receipts is $1\frac{1}{2}$ per cent." (Crawford's "Canadian Municipal Government", P. 219)

If this method were adopted it would greatly lessen civic revenues from certain utilities. In particular, would the hard-pressed Transit Systems benefit, which now pay a 5% tax on revenue in both Edmonton and Calgary (and in Edmonton

there is also a nominal assessment of $0.5 million at the current mill rate). Having determined the proper assessment for each utility (which should preferably be left to the Director of Assessments or the Board of Public Utility Commissioners), the utility rates should then be subject to regulation by the Public Utility Commissioners. Under Section 52 of The Public Utilities Act the Alberta Government Telephones is subject to regulation as to rates and otherwise by the Board of Public Utility Commissioners, which now controls City Council and School Board borrowings and general utility operations throughout the province. It is a semi-judicial body in a position of complete independence. There is no legal justification for exempting city utility operations from utility board jurisdiction. So long as these operations followed a policy of furnishing service at cost no reason existed for making municipal utility systems subject to regulation. This reason has now disappeared and in the public interest they should be subject to the same control as private corporations and the province-owned telephones. In Canada, each province except Quebec and Alberta, is reported to provide for some regulation of municipally -operated electric utilities beyond their corporate limits, and several provinces provide for the regulation of electric utilities owned or operated by municipalities within their corporate limits. It must be remembered that taking Canada as a whole the number of municipally-operated utilities in electricity, transportation, and telephones is very few. Edmonton is unique. It is perhaps doubly important that the municipal systems should remain free from the possibility of manipulation in assessments or discrimination in rates as between one group of consumers and another. It is reported that in the U.S.A. some 26 states provide for some measure of control of municipal utilities at the Public Utility Board level.

Coincident with the above changes, the cities should be granted the power to levy a tax for municipal purposes on utility bills if they insist they need the revenue by reason of their other tax bases having been fairly exploited. The utility tax would then be imposed on the bill in the same manner the federal tax was imposed during the war years, and the consumer would be able to see how much the tax was.

In addition, it would permit a scale of taxation

to be devised which would recognize the different types of consumer. and the tax could be abated on industries which use large quantities of electricity or water in manufacturing or processing. In addition, it would permit gas, as a competitive fuel to electricity, to be taxed on an equal basis. Discrimination at present in existence between those who rent property and the property owner would disappear. The utilities would be assessed for real property taxation in the same manner as a private corporation.

In making the foregoing recommendation I do not lend support to taxation of utility revenues. This recommendation is only made with a view to improving the uncertain and unsatisfactory conditions which prevail under present legislation. The suggestion is also made in the expectation that when the amount of the tax becomes known to the average citizen public opinion will ultimately cause the tax to disappear, or at least be greatly lessened. Some cities take pride in the low level of their real property mill rate. At the same time huge utility profits and surpluses are proudly declaimed in large figures. These surpluses and large profits represent nothing more or less than excess charges in rates to the consumers and have reached the level of a vast system of taxation on some utility services. Is it not just as important in the operation of municipally-owned utilities as it is in the case of those operated by private corporations that the selling price of the utility service to the consumer should bear some reasonable relationship to the cost? Taking Canada as a whole, the taxation of utility bills, whether directly or indirectly, is not common practice.

I cannot bring myself to believe that we can build large cities in our province on solid foundations of which we can be proud if a component of the tax structure which is to support such cities is based on taxation of utility rates to the consumers.

Tables on Utility Operations

No Tables appear in the Report which permit utility operations to be examined in terms of revenue. For that reason some Tables follow on Edmonton utilities, with some comments.

TABLE 2
EDMONTON - CITY UTILITIES DEBENTURE DEBT AS AT DECEMBER 31, 1954.

Electric Light and Power Distribution System:	$ 4,140,584.83
Power, Water Supply and Purification Plant:	487,293.41
Transit System:	2,038,642.00
Telephone System:	7,944,068.49
Waterworks Distribution System:	4,254,485.93
Total:	$18,865,074.66

SOURCE: 1954 Financial Statement.

The 1954 City Statement reports that from January 1st, 1947, to the end of 1954 the sum of $21,415,000.00 was obtained from debenture funds for utility plant expansion, and in the same period the sum of $17,051,713.08 was spent for the same purpose from the Utilities Reserve Fund. This latter fund is accumulated from utility revenues through the utility rates charged the consumer.

TABLE 3
EDMONTON UTILITIES - AMOUNTS TRANSFERRED TO CITY GENERAL REVENUE AND UTILITIES RESERVE FUND - 1954

Utility	Trsfrd. to City Rev. Franch. Tax	from 5% Rev. Tax	Surplus	Total Trsfrd. to City Rev.	Trsfr. to Ut. Res. Fund	Grand Total
El. Light & P.D. (Revenue $5,166,162)	132,500	258,308	48,827	439,635	656,534	1,096,169
Power & W.S. & Puri.P. (Revenue: Power: $3,080,420. P.P. : 588,700.	132,500	183,456	375,404	691,360	1,043,213	1,734,573
Transit System: (Revenue $3,276,815)	53,000	163,841	80,794	297,635	73,855	371,490
Telephone System: (Revenue $3,026,873.)	132,500	151,344	124,696	408,540	505,619	914,159
Waterworks Dist. (Revenue $2,587,720.)	132,500	129,386	127,356	389,242	563,518	952,760
Total Revenues: ($17,726,690)	583,000	886,335	757,077	2,226,412	2,842,739	5,069,151

SOURCE: 1954 Financial Statement. Transit System franchise tax includes $26,500. real estate taxes.

In respect to the total revenue of $17,726,690. the amount of $2,880,262. covering the sum paid by the Electric Light Distribution System to the Power Plant is duplicated in that it appears under "Revenue" from consumers in that system, and then appears again as revenue in the Power Plant from the Electric Light System.

If this

amount is deducted for that reason, it leaves the gross revenue at $14,846,428. Of this, $9,777,277. was expended in maintenance, operation, debenture principal and interest, and depreciation. Out of the balance of $5,069,151., $2,226,412. was paid the city in franchise tax (based on the assessment), 5% gross revenue tax, and in transfer of surpluses. The balance of $2,842,739. was transferred to Utilities Reserve Fund for capital expansion. The total 1955 real property tax levy at 48 mills was $10,648,606. (After deducting utility franchise tax of $493,500.)

The 1955 Budget for the five utilities estimated total revenue at some $19.1 millions, of which about $2.226 millions will be payable to the city in franchise tax, 5% revenue tax, and surpluses, plus some $4.0 millions going to the Utilities Reserve Fund for capital expansion. This means some $6.226 millions in 1955 (equal to well over half the total 1955 real property levy) will be charged in the utility rates towards city revenue and utilities expansion. It amounts to $29.73 per capita, as against the 1955 per capita real property tax levy (excluding utility assessment), being $50.86, and the p.c. business tax at $6.44. The actual 1954 per capita figure on the utilities was $25.62. The 1955 estimates now raise it to $29.73 (an increase of 16%), while the real property per capita tax levy in 1954 (utilities assessment excepted), was $50.43. It is this per capita figure of $25.62 (estimated $29.73 in 1955) which will be further increased if the rates for electricity, telephone, and water, are increased as recommended.

It may be argued that a large portion of the utilities per capita charges represent monies needed for capital expansion. Irrespective of what the funds are used for which are levied in the utility rates, they represent a charge on the consumer in his rate that has the same result it would have on the property owner if millions in capital expenditures were charged annually into the propery mill rate instead of being borrowed. The only difference is that the property owner would see it in his mill rate, but under indirect utility taxation the consumer is in the dark.

TABLE 4

EDMONTON - ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEM COMBINED WITH POWER PLANT (Water Supply and Pumping Omitted) - 1954

Source of Revenue	E.L. and P.D.S.	Power Plant	Total
Light & Power Accounts Less Discts.:	4,920,242.	--	4,920,242.
Street Lighting:	156,361.	--	156,361.
Miscellaneous:	89,557.	--	89,557.
Sale of Power to E.L. & P.D.S.:		2,880,262.	2,880,262.
Sale of Power to Transit System:	--	87,705.	87,705.
Sale of Power to Pumping Station:	--	107,161.	107,161.
Other Revenue:	--	5,290.	5,290.
Totals:	5,166,160.	3,080,418.	8,246,578.

TABLE 4 (Continued)

Expenditures	E.L. and P.D.S.	Power Plant	Total
Maintenance:	257,367.	170,641.	428,008.
Power Purchased: (from Pow.Pl.)	2,880,262.	--	2,880,262.
Management and General:	574,845.	91,328.	666,173.
Production of Power:	—	861,352.	861,352.
Debenture Interest:	94,047.	17,304.	111,351.
Debenture Principal:	124,234.	61,381.	185,615.
Deprec. on assets (acquired through Plant Extension Reserve)	139,237.	194,001.	333,238.
Total Expenditures before any taxes or transfers to City or Reserves:	4,069,992.	1,396,007.	5,465,999.
Franchise (Plant) Taxes:	132,500.	106,000.	238,500.
5% Revenue Tax:	258,308.	154,020.	412,328.
Surpluses trsfrd. to City:	48,826.	375,404.	424,230.
Totals:	4,509,626	2,031,431	6,541,057.
Trsfd. to Plant Extension Reserve Fund (for capital exp.):	656,534.	1,048,987.	1,705,521.
Totals:	5,166,160.	3,080,418.	8,246,578.

SOURCE: 1954 Financial Statement.

For the purpose of showing more clearly the contributions of the electricity consumers in the city to city general revenue and the Plant Extension Reserve Fund (for capital expansion), the above Table 4 is further consolidated as follows:

TABLE 5
EDMONTON- FURTHER CONSOLIDATION OF TABLE 4 - (1954)

	E.L. and P.D.S.	Power Plant	Total
Total Revenue:	5,166,160.	3,080,418.	8,246,578.
Less: Total expenditures other than contributions to city revenue and Plant Extension Reserve:	4,069,992	1,396,007.	5,465,999.
Balance transfrd. to City Gen. Revenue and Plant Extension Reserve Fund:	1,096,168.	1,684,411.	2,780,579.
Analysis of Contributions:			
Franchise (Plant) Tax:	132,500.	106,000.	238,500.
5% Revenue Tax:	258,308.	154,020.	412,328.
Surpluses transferred to city:	48,826.	375,404.	424,230.
Totals:	439,634.	635,424.	1,075,058.
Transferred to Plant Ext. Reserve Fund:	656,534.	1,048,987.	1,705,521.
Totals:	1,096,168.	1,684,411.	2,780,579.

SOURCE: Same as for Table 4.

The above Tables 4 and 5 may be further consolidated to clearly show the amounts charged in the rates to consumers of electricity. It is the consumers of the E.L. and P.D.System, in effect, who support the Power Plant. For that reason, the $2,880,262. paid to the Power Plant by the E.L. and P.D. System for electrical energy is now deleted from the revenue of the Power Plant and from the expenditures of the E.L. and P.D.S. Although the generation and distribution of electricity is divided into two systems by the city, from the point of view of the consumer it is one operation in the same sense it is one operation for the private utility corporations in Alberta who generate and distribute electricity throughout Alberta's cities, towns, villages, and rural areas. The result is as follows:

TABLE 6
EDMONTON - FURTHER CONSOLIDATION OF TABLES 4 and 5
DELETING DUPLICATIONS OF REVENUE AND EXPENDITURE - 1954

Revenue		
Total combined revenue from Table 5:		8,246,578.
Less: Deletion of Power Plant Revenue from Electric Light and Power Distribution System:		2,880,262.
Revised Net combined revenue:		5,366,316.
Expenditure		
Total combined expenditures other than contributions to city revenue and plant extension reserve fund:		5,465,999.
Less: deletion of E.L. and P.D.System expenditure to Power Plant for electrical energy:		2,880,262.
Revised net combined expenditures other than contributions to city revenue and plant extension reserve fund:		2,585,737.
Payments to City Revenue:		
Franchise(Plant) Tax:	238,500.	
5% Revenue Tax:	412,328.	
Surpluses transferred to city:	424,230.	
Total:	1,075,058.	
Transferred to Plant Extension Reserve Fund:	1,705,521	2,780,579.
		5,366,316.

SOURCE: Tables 4 and 5.

Comments on Tables 4,5, and 6

The first point that emerges is the magnitude of the taxation and demand for capital contributions from revenue which is being billed against the consumers of electrical energy in the city. If we treat the generation and distribution of electricity as one operation as in the case of a private corporation, it will be

seen that the combined net expenditures for maintenance, operation, debenture principal and interest, and depreciation on assets (acquired through Plant Extension Reserve) amounted to only $2,585,737., whereas the amount contributed to city revenue in taxes and surpluses was $1,075,058., plus the sum of $1,705,521. for Plant Extension Reserve Fund. In short, the amount charged in the rates to consumers for payments to the city and the reserve fund at a total of $2,780,579. was more than the total of the other costs at $2,585,737. It is little wonder that the ex-city commissioner previously referred to, in giving evidence under oath at the hearings stated, "Now, our utilities, as you say, have made enormous amounts of money", and at another point when asked about other utilities in the province answered in part, "I don't know whether they copy our bad example,....".

Since the discovery of oil and natural gas in large quantities our province has entered a new era. If we are to make the most of it is it not important that our existing utility practices and legislation at the municipal level should be carefully reviewed? The observations in the Goldenberg report as to the unfairness to electricity consumers assume double importance in the light of the above figures. Can it be said that the present system permitted by existing legislation is a type of tax structure that should continue to be imposed in the province in the public interest, to say nothing of having the margins widened if the recommendations of the Commission were acted upon and the rates further increased? Is any further proof required of discrimination as between one type of utility consumer and another to say nothing of the discrimination that arises among the different classes within the electricity utility group when it is remembered what a large portion of electric utility revenue is siphoned off to reduce taxes on real property? It should also be observed that under the present system the electricity consumer pays the 5% revenue tax twice because it is charged on the power plant revenue and on the revenue of the Electric Light and Power Distribution System.

The enormity of the taxation and annual demand for capital contributions against electricity consumers is obvious. The rate on private corporations in British Columbia referred to on Page 18 is 20 mills on the revenue. If we treat the generation and distribution of electricity in the city as a single operation (as in the case of a private power corporation), the $1,075,058. referred to in Table 6 as paid to the city in franchise tax, 5% revenue tax, and surpluses,

would represent some 200 mills on the net combined revenue of $5,366,316. And the $1,705,521. charged in the rates for transfer to Plant Extension Reserve Fund amounts to some 317 mills. Furthermore, as the real property mill rate drops or real property assessment lags, the disparity between the position of the real property owner and the utility consumer widens taxwise. In addition, as provincial unconditional municipal assistance grants are now entirely or largely used in both cities to lessen real property taxation, the real property taxpayer shares in this assistance, but no relief is shared by the cities with the utility consumer in the tax bill on his utility rates. It is admitted that if the capital for utility expansion were borrowed, the annual current charges would increase, but it is the measure of the present levy in terms of utility revenue which is now being examined.

The next Table indicates how the cost of generating electricity at the Power Plant has declined since 1937 due to the generation of a larger load, the conversion from coal to gas-fired boilers, and other reasons. Irrespective of any rate reductions effected, the disparity between cost and selling price is extraordinary.

TABLE 7
EDMONTON - POWER PLANT - POWER COSTS PER KWHR. SOLD - (Various Years)

Year	Cost Per Kwhr. Sold
1937	.871¢
1943	.814¢
1946	.693¢
1949	.753¢
1951	.628¢
1953	.513¢
1954	.530¢

SOURCE: Exhibit 211E and Commission Records. "Cost" includes maintenance, operation, debenture charges, franchise tax to city, 5% revenue tax to city; (no allowance for surplus or transfers to Plant Extension Reserve).

TABLE 8
EDMONTON - POWER PLANT - CHARGES FOR ENERGY SOLD PER KWHR. - 1954

Sold To:	Rate per Kwhr.
Electric Light and Power Distribution System:	1.00¢
Transit System:	.80¢
Calgary Power Limited (in 1953):	.535¢

SOURCE: Exhibit 211E and Commission Records.

The next Table shows the average revenue per kilowatt-hour of the Electric Light and P.D.System, the distribution of the sale of the energy, and the percentage of revenue from different types of consumers.

TABLE 9
EDMONTON - ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEM
- AVERAGE RATES EARNED AND DISTRIBUTION OF CONSUMPTION AND REVENUE - 1954

Type of Consumer	Avge. Rev. Per Kwhr.	% of Kwhrs. consumed	% of Total Revenue
Domestic:	2.29¢	32.16	36.74
Commercial:	2.74¢	25.39	34.58
Small Power:	1.90¢	10.47	9.93
Large Power:	1.17¢	31.98	18.75

Average Revenue per Kwhr. 2.01¢
Charge to City for Street Lighting: 1.37¢
SOURCE: Exhibit 232E. and Commission Records.

TABLE 10
EDMONTON - POWER PLANT AND ELECTRIC LIGHT AND POWER DISTRIBUTION SYSTEMS
- RATES TO VARIOUS CONSUMERS AS A PER CENT OF POWER PLANT COSTS - 1954

	Rate per Kwhr.	% of .53¢
Cost at Power Plant - Table 7:	.53¢	100
Transit System (from Power Plant) - Table 8:	.80¢	151
E.L. & P.D. System (from Power Plant) -Table 8:	1.00¢	188
Retail Consumers		
Street Lighting - from E.L.&P.D.S. - Table 9:	1.37	258
Large Power from E.L. & P.D.S. - Table 9:	1.17¢	221
Small Power from E.L. & P.D.S. - Table 9:	1.90¢	358
Domestic from E.L. & P.D.S. - Table 9:	2.29¢	432
Commercial from E.L. & P.D.S. - Table 9:	2.74¢	517

SOURCE: Tables 7, 8 and 9.

The Power Plant cost of .53¢ per kwhr. sold includes maintenance, operation, debenture charges,depreciation (on assets acquired through Plant Extension Reserve).; also the payment of the franchise tax (53 mills on the assessment of $2.5 millions), and the 5% revenue tax. (If the franchise tax and 5% revenue tax are deleted, the cost per kwhr. drops from .53¢ to .443¢). No allowance is made in the .53¢ cost for transfers to Utility Reserve Fund which, in effect, largely represents capital expenditures charged against revenue; nor does it include any allowance for a further surplus being left to be transferred to city general revenue. Therefore, the Table should be read with these limitations. Municipal Hydro-Electric Commissions in Ontario are prohibited from transferring any amounts to city general revenue, and capital financing is spread over a long period of years instead of charged in

large amounts against the current utility rates.

Table 10 graphically illustrates exactly what happens when the cities are left in the position, as they are under present legislation, that they can levy and collect indirect taxes from the consumers. <u>It also bears testimony as to how vicious indirect taxation can become when administered anaesthetically and without being visible to the consumer.</u> The Table indicates that the Power Plant marked up its .53¢ cost per kwhr. by 88% in fixing its selling price to the city's own Electric Light and Power Distribution System. The mark-up from the Power Plant .53¢ cost above,to the domestic consumer at the end of the E.L. and P.D. System was 332%, and to the commercial consumer was 417%. In the meantime, the city of Calgary, which has no power plant and buys its electricity wholesale from Calgary Power Ltd. only pays .75¢ per kwhr. In short, Edmonton's city-owned Power Plant charges the city-owned Distrib-System 33 1/3% more than Calgary pays. The line loss in distribution is about 10%. Some industrial power is sold at less than 1¢ per kwhr. in Edmonton. Thus the two statements must be combined to see the total electricity operational results. (The gross revenue of the individual municipal distribution systems in Ontario approximates the amount they pay for energy wholesale plus about 33%). Table 9 indicates that the average revenue per kwhr. of the E.L.and P.D. System was 2.01¢ and that despite the large mark-up of the power it bought from the Power Plant at 1¢ per kwhr.,its revenue per kwhr. gross managed to double. The mark-up margins of Table 10 would be further widened if electricity rates were increased.

The 1954 Calgary Electric Light Distribution System statements show that power which was bought for $2,165,349. wholesale was sold for some $5,051,975. The other general expenses came to some $996,035. Out of the balance the City took from consumers some $1,027,287. in taxes, contribution and surplus (amounting to some 203 mills on the gross revenue), and $863,303. was charged in the rates for capital expansion (amounting to some 170 mills on the gross revenue). At the end of 1954 the debenture debt of the System amounted to $500,000. only.

Again, I wish to make it clear it is the present out-moded legislation which is the subject of criticism. The systems in operation are only what the legislation make possible and are the strongest argument in favor of the legislation being amended. The only fair solution to all concerned lies in regulation of the municipally-owned systems by the Board of Public Utility Commissioners.

Reservations of Commissioner Hayes

Memorandum of Comments and Reservations

by C.P. Hayes

Although I do not intend this as a dissent to the report, I emphasize particularly the serious consequences which I believe will follow if all industry is annexed to the cities or other urban centres.

The first principle is stated as follows:

> "When industrial growth has taken place immediately adjoining or in close proximity to the boundaries of the city the proper and best suited municipal unit to govern and control such growth is the city."

This is debatable and we have no evidence that industry desired this so-called better urban municipal government. I cannot support this principle.

The second principle is as follows:

> "A second principle which has guided the Commission is this, namely, that where industry has established itself to a substantial extent immediately adjoining the boundaries of the city and the workers in such industry and their families reside in the city, the taxes from such industry should be collected by the city which is called upon to furnish the educational and numerous municipal services arising from the residence of the workers".

I do not agree with this principle nor have the cities agreed, as is evident from their failure in the past to recognize this, as it applied to the fringe towns when their workers were employed within the limits of the cities.

Problems of the metropolitan areas of Calgary and Edmonton are an accumulation, some old and some new. The general attitude appears to have been, we need improvements and a higher standard of services, and in the main, somebody else should pay for them.

The cities and the fringe towns should have a perfect right to amalgamate if they so desire; this is provided for in our report. I am in agreement that the cities should have additional land in order to provide space for their growing population and ample provision has been made to take care of this situation.

I do not think it necessary to take from the municipal district of Strathcona the vast amount of territory immediately east of the City of Edmonton as recommended, simply to encompass all of the industries. If implemented, it will certainly impair the ability of both the municipality and the Clover Bar School Division to provide the necessary services required by their people. If

it were possible to eliminate selfishness many of the problems which we now face would be solved. Taking from one to give to another is not an equitable solution, no matter how generally favored by those on the receiving end.

I do not think we should have or encourage two standards of living, one rural and one urban; all should have equal opportunity and share as near as possible the benefits of development and the general prosperity of the province. All municipalities need adequate financial assistance from the Provincial Government so as to meet their own lack of tax revenue. I believe in strong municipal administration for both urban and rural communities.

If it is not possible by negotiation to settle the share that each municipality should contribute for various services required, I am of the opinion that the province should assess and tax all industry such as refineries and petrochemical industries so situated that more than one municipality can claim or demand a return for services rendered. If necessary, a continuing committee or commission should be set up for administration, which could perform a very useful service in dealing with this particular problem. The assessment should be uniform and the mill rate might well be the average of the province in the previous year. Perhaps other districts should share it; this after all is Alberta and all citizens have a claim, since surely we cannot expect an industry in each municipality or school district. If this method were adopted and made effective on a just, fair and equitable basis it would help remove the inequality of taxation between the rural and urban areas, and in some measure remove the bickering.

Where industry requires large acreages, some as much as eight hundred acres, and only use for a plant site approximately five percent of the property, it would seem that the characteristics are rural and should remain so.

I respectfully suggest that any action which might be taken to dismember rural municipalities should be based on the principle that no undue hardship would result either to the community or the citizens who have conducted the obligation of local government efficiently and in good faith.

Respectfully submitted

C.P. Hayes.

DECISIONS OF THE COMMISSION

IN RESPECT TO

QUESTIONS OF JURISDICTION

1. In respect to the submission of the Town of Fort Saskatchewan.
2. In respect to the submission of the ratepayers of Divisions 1, 2, and 3 of the Municipal District of Stony Plain No. 84.

1. Decision of the Commission in Respect to the Submission of the Town of Fort Saskatchewan

The Town of Fort Saskatchewan is located on the banks of the Saskatchewan River some 18 miles down stream north - east of Edmonton. It was incorporated as a town in 1904, but its growth remained more or less stationary for 30 years until 1951 when the establishment of the nickel refinery of Sherritt Gordon Mines Limited immediately adjoining its boundaries led to extensive developments within the town. Further industrialization immediately adjoining the Town is taking place at present, including the Inland Chemical Company plant. This growth gives rise to the extension of various municipal services. The impact of this industrialization just outside of the town boundaries on the town itself is indicated in the following table:

TABLE 1

FORT SASKATCHEWAN
POPULATION, ASSESSMENT & MILL RATE

YEAR	POPULATION	ASSESSMENT	MILL RATE
1945	910	339,601	53
1951	1,010	656,996	44
1953	1,650	1,063,977	40
1954	2,200 (Est.)	1,680,302	42
1955	2,600 (Est.)	2,070,302	42

SOURCE: Exhibits 151E and 152E and 1955 Budget; the assessment does not include exempt properties.

TABLE 2

FORT SASKATCHEWAN
REVENUE AND EXPENDITURES

YEAR	REVENUE	EXPENDITURE	SURPLUS	DEFICIT
1945	$ 22,525,00	$ 25,401.00	$	$2,875.00
1951	42,047.00	42,087.00		40.00
1953	97,215.00	78,491.00	18,724.00	
1954	147,245.00	119,576.00	27,869.00	

SOURCE: Exhibit 151E and 1955 Budget; 1954 Revenue includes $33,150.00 from sale of land.

TABLE 3

FORT SASKATCHEWAN
DEBENTURE DEBT OUTSTANDING

1949	1950	1951	1952	1953	1954
$0.00	$164,220.	$190,119.	$180,203.	$349,937.	$396,378. (a)

SOURCE: Exhibit 151E; (a) town's share $171,833.; owner's share $225,545.

The main submissions of the town appear in Exhibits 151E and 152E. Arising out of its preliminary submissions, a further Exhibit was filed in March, 1955 giving financial data, school statistics and information in respect to town residents who were employed in the adjoining industries in Strathcona Municipality. No examination took place in respect to this latter Exhibit because counsel for the Municipal District of Strathcona No. 83 objected that it was not properly within the scope of the Commission's reference to deal with the recommendations sought by the town. It was agreed that examination on Exhibit 233E should be postponed pending determination by the Commission as to its competence to deal with the town's proposals. Before deciding this, it is necessary to examine the nature of the request.

The proposal of the town is simple in request but far reaching in consequence. It is that the boundaries of the town should be extended so as to take in the Sherritt Gordon industry (1955 assessment $4,104,420.), and any other industries about to be established in the immediate vicinity of the town by annexing a certain area from the M.D. of Strathcona to give the town the additional assessment, and provide additional areas for residential and industrial expansion within the town. It was further submitted that if these proposals are not granted that the town will be in a difficult financial position, and that if necessary funds cannot be obtained to finance certain capital expenditures "the result will be a freezing of the present orderly development, and the town will be compelled to suffer the chaotic effects of substandard fringe development". It is claimed that these additional capital funds required total $700,000. according to estimates obtained from the town's consulting engineers, if the town is to grow beyond a population of 2,500. The estimate includes $220,000 for a new trunk-line sewer, $200,000 for a new sewage disposal plant, $200,000 for a water treatment plant, and $80,000 for an elevated water tank.

There can be no doubt that were it not for the fact that the town lies within the boundaries of Clover Bar School Division No. 13, (in consequence of which the school costs are distributed over the entire Division), the financial burden on the town would be intolerable in terms of its present boundaries. However, despite the distribution of school costs, the town is greatly concerned as to its municipal finances. In addition to the information contained in the above Tables, the town stated that all municipally-owned land within its corporate limits has now been absorbed for housing accommodation; that the town has acquired a further 22 acres within the town at a cost of $22,000 (all of which will be required for housing in 1955); that only 70 housing units can be erected on the said 22 acres, and that the present housing demand calls for a total of 230 housing units. In support of these claims it is stated that only half of the Sherritt Gordon employees have been provided with housing and that 80 homes are required in connection with the establishment of Inland Chemical Company. The area which was considered in 1950 as adequate for the needs of the town for the next 10 to 15 years has been used in a period of three years. Town officials estimate that within a year a further 45 acres must be made available to meet the immediate needs of the town exclusive of the above 22 acres. In view of the decision the Commission has reached on the question of jurisdiction it is unnecessary to further elaborate on the facts presented.

The town is a member of the Edmonton District Planning Commission; in recognition of the development taking place in the area the Commission late in 1953 completed a comprehensive survey of the town and adjacent area and made specific recommendation for the adoption of a general plan. It is conceded that Fort Saskatchewan is recognized as a "satellite town" of the Edmonton area. The question as to whether or not the submissions of the town should be considered as properly coming within the terms of reference has given us some concern. We have had the benefit of examining arguments advanced in favour of such jurisdiction by counsel for the town, and against such view by counsel for the M.D. of Strathcona , and counsel for Sherritt Gordon Mines Limited. The Commission has come to the conclusion that it should not assume jurisdiction.

In addition to the town of Fort Saskatchewan, there are the towns of St. Albert, Morinville, Devon, and Leduc, all within a radius of approximately 20 miles or less of the boundaries of Edmonton and all members of the Edmonton

District Planning Commission; these are in addition to the towns of Jasper Place and Beverly, both of which immediately adjoin Edmonton's boundary. All these towns may be classed as part of the Edmonton area in the loose and larger sense in which that term is used, but this Commission is of the opinion that it was not intended that it should deal with "the form of local government" or the "financing of school and municipal services" within these seven towns, or changes in their "boundaries" except to the extent that the same is necessary to deal with these various matters incidental to a consideration of the boundaries and the financing of school and municipal services and the orderly development of the City of Edmonton. It is the complex of the problems involved in the present and foreseeable expansion of Edmonton to which the inquiry is directed, and the reference to "surrounding areas" should be so construed as to limit it to territory adjoining Edmonton which is or can be affected by such expansion.

In short, the problem of the town of Fort Saskatchewan is one that requires the expansion of its boundaries for more growing space, combined with its claim for an enlarged assessment. Statutory machinery is in existence, and has been at all times material, for the townto advance its claims. Reference is made to The Town and Village Act, 1952, Section 35 reading as follows:

> "35(3) Notwithstanding Subsection (2), the Board of Public Utility Commissioners, in its sole discretion upon the receipt of a resolution from the council of a town requesting it, may include within the town any territory adjacent thereto which, from the proximity of streets or buildings or the probable future exigencies of the town, the council may deem desirable to include therein or to annex thereto."

and Section 35(4) reading as follows:

> "35(4) every order for annexation shall take effect on such date and on such terms and conditions as the Board of Public Utility Commissioners may provide."

There is nothing which this Commission could recommend in the proposals of the town which the town could not by resolution present to The Board of Public Utility Commissioners under Section 35 aforesaid, and this Commission is of the opinion that the normal statutory procedure should be followed.

2. Decision of the Commission in Respect to the Submission Made By the Ratepayers of Divisions 1, 2, and 3, of the Municipal District of Stony Plain No. 84.

The Municipal District of Stony Plain No. 84 covers an area of approximately 836 square miles extending some 60 miles in a westerly direction from the west boundaries of Edmonton and the town of Jasper Place. The south boundary is the North Saskatchewan River; Local Improvement District No. 77, centred at Drayton Valley in the Pembina Oil region, adjoins it on the south-west. The municipality is divided into five divisions numbered 1 to 5, each running in a north and south direction, with Division No. 1 adjoining Edmonton and Jasper Place on their west boundaries, and Division No. 5 being at the extreme west end of the municipality. With the exception of approximately 60 square miles added as of January 1, 1955, as a result of the recommendation made by the Coterminous Boundary Commission (largely lying to the north of Lake Wabamun and in the extreme north-west corner of the present boundaries), the area covered by the municipality represents the original boundaries given to the municipality in 1942 when the three smaller Municipal Districts of Spruce Grove, Stony Plain, and Tomahawk were amalgamated to form the present large unit. The M.D. has been a member of the Edmonton District Planning Commission since the latter was organized in 1950. The only detachment of importance was in 1950 when a population of some 7,100 residents immediately west of Edmonton formed the village of Jasper Place, which shortly thereafter became the town of Jasper Place.

Strong representations were made on behalf of the ratepayers of Divisions 1, 2, and 3, requesting that the Commission should recommend their detachment from Divisions 4 and 5 of the municipality. These 3 Divisions wished to be set up as a separate municipal district. No representations were received from the Council of the municipal district either for or against the proposal, but two Council members from the 3 divisions actively espoused the presentation of their ratepayers.

It was established by evidence that the land in the 3 divisions - extending to a distance some 20 miles west of Edmonton - is arable, highly productive, well settled, and is of medium to high assessment (annual taxes per quarter section average $175 to $200 with some up to $325). Divisions 4 and 5 extend an additional 40 miles beyond the west boundary of Division 3. They are sparsely settled, and contain considerable marginal lands, lakes, and swamp country, with

consequent low assessment, low taxes, and greatly increased costs in respect to public works. It was also stated that the lands in Divisions 4 and 5 were similar to the lands lying to the west of Division 5 in Local Improvement District No. 77 and that the fortunes of Divisions 4 and 5 were more properly identified with the territory to the west, far removed from Edmonton.

On the other hand, the people in Divisions 1, 2, and 3 did the bulk of their trading in Edmonton, had many ties with Edmonton, and considered themselves part of the metropolitan area of Edmonton. Furthermore, evidence disclosed that within Divisions 4 and 5 there are some 52,000 acres of non-revenue-bearing Crown and municipal lands, with numerous other parcels - mostly quarter sections - which have been under tax caveat for two or more years. In fact, it was submitted that the total non-revenue-bearing area in Divisions 4 and 5 amounts to some 5 townships which, in turn, equaled almost one-half of the total land area in Divisions 1, 2, and 3. Although Divisions 4 and 5 have more than one-half of the total population of the entire municipality, and over half of the total land area, their assessment approximates only one-fifth of the total.

In 1954, \$81,000 was allocated for public works in Divisions 4 and 5, as against \$77,000 in Divisions 1, 2, and 3. The land assessment in Divisions 4 and 5 in 1954 totaled \$1,275,720, as against \$3,604,260 in Divisions 1, 2, and 3. If lands and improvements and personal property assessment are examined, the total assessment for the municipality in 1954 was \$8,262,830, of which \$1,642,220 was in Divisions 4 and 5, and \$6,638,610 within Divisions 1, 2, and 3. The 1954 rate for general purposes was 29 mills, and for school purposes was 34 mills, making a total of 63 mills; in addition, 4 mills was assessed for hospital tax on the first 3 Divisions and a portion of Division 4 - all of which would look for their hospital services to Edmonton - and $3\frac{1}{2}$ mills on the balance of Division 4 and all of Division 5 in respect to certain nursing services provided.

A further complaint was that with the diagonal distance from the north-east corner to the southwest corner of the municipality being some 85 miles, the cost of moving municipal machinery was unduly high; also, that by reason of the wide variation in assessments and the sparsely-settled nature of Divisions 4 and 5, the burden of educational costs was largely falling on Divisions 1, 2, and 3. Various other arguments were advanced tending to show the marked inequality arising as a result of Divisions 1, 2, and 3 being tied to Divisions 4 and 5 with the additional marginal territory added by the Coterminous Boundary Commission.

During the course of the hearings the question was raised as to whether or not this Commission's jurisdiction was sufficiently wide to allow a recommendation being made that Divisions 1, 2 and 3 be detached from the Municipal District of Stony Plain and constituted as a new municipal unit. Pursuant to the Order in Council constituting this Commission, it was directed to conduct an inquiry "into the administration and financing of school and municipal services in the City of Edmonton and surrounding areas, and the City of Calgary and surrounding areas" with a view to recommending the form of local government which would most adequately and equitably provide for the orderly development of school and municipal services, and what practical measures could be taken in the interests of the ratepayers and citizens generally with respect to the administration and financing of school and municipal matters and the form of government for the areas under review.

The Commission has had the benefit of able argument by counsel in favour of the Commission dealing with the matter; counsel for the M.D. of Strathcona No. 83 has taken the view that the Commission should not deal with the proposals advanced. With this view the Commission concurs. Without going into all the reasons that fortify us in this conclusion, it should be sufficient to point out that this Commission could not recommend these three Divisions be constituted as a separate municipality without deciding what should be done with Divisions 4 and 5, and particularly what position the latter would be left in. These two Divisions extend from a point about 20 miles west of Edmonton to a point about 40 miles further west. This would involve careful consideration of municipal matters in the area to the west of Division 5, and perhaps also the areas lying to the north of Divisions 4 and 5, or portions thereof, and the area lying to the south and west of Division 5.

This Commission has insufficient information before it to deal with these areas such a long distance west of Edmonton and does not consider such matter properly within its terms of reference; added to this is the fact that the Coterminous Boundary Commission dealing specifically with boundaries of rural municipalities and school divisions completed its report late in 1954. Finally, it would appear that the problem presented by Divisions 1, 2, and 3 is largely a problem of the relationship of that area to the other two Divisions extending to the west, rather than being a problem between the area concerned and the City of Edmonton or the metropolitan area of Edmonton.

Date Due

JAN 3 '76

FEB 6 '76

~~MAR 23 '76~~

~~APR 16 '76~~

~~FEB 10 '77~~

FORM 109